Application Proof of

Sigenergy Technology Co., Ltd.
(思格新能源(上海)股份有限公司)

(the "**Company**")

(A joint stock company incorporated in the People's Republic of China with limited liability)

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Sigenergy Technology Co., Ltd.

(思格新能源(上海)股份有限公司)

(A joint stock company incorporated in the People's Republic of China with limited liability)

[REDACTED]

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Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to reallocation)**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to reallocation and the [REDACTED])**
Maximum [REDACTED]	**:**	**HK$[REDACTED] per H Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565% (payable in full on [REDACTED] in Hong Kong dollars and subject to refund)**
Nominal value	**:**	**RMB[REDACTED] per H Share**
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[REDACTED]

IMPORTANT

[**REDACTED**]

IMPORTANT

[**REDACTED**]

EXPECTED TIMETABLE[1]

[**REDACTED**]

EXPECTED TIMETABLE[1]

[**REDACTED**]

[**REDACTED**]

EXPECTED TIMETABLE[(1)]

[**REDACTED**]

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***This summary aims to give you an overview of the information contained in this Document and should be read in conjunction with the full text of this Document. As this is a summary, it does not contain all the information that may be important to you. You should read the entire document before you decide to* [REDACTED] *in the* [REDACTED]. *There are risks associated with any* [REDACTED]. *Some of the particular risks in* [REDACTED] *in the* [REDACTED] *are set out in the "Risk Factors" section in this Document. You should read that section carefully before you decide to* [REDACTED] *in the* [REDACTED].**

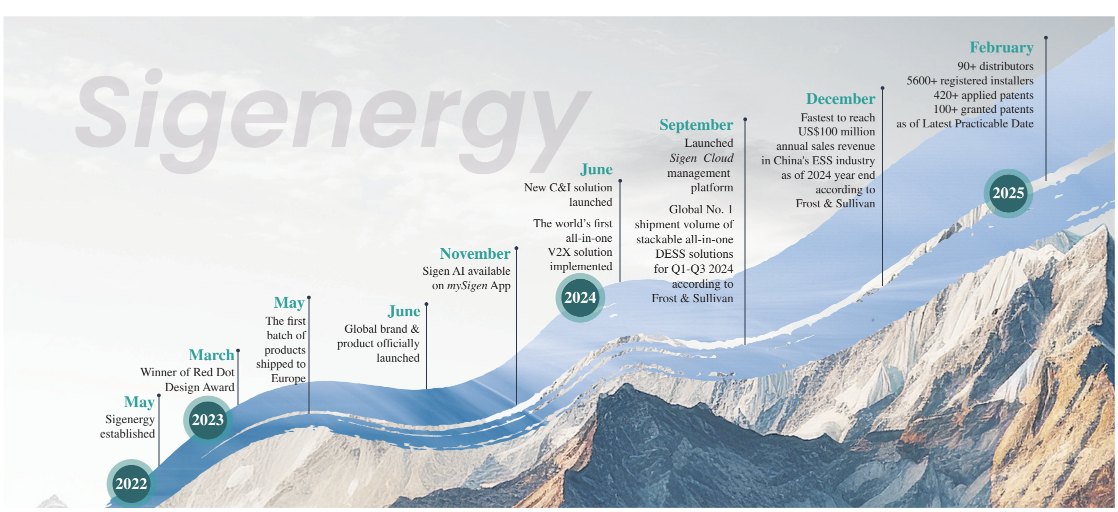
OVERVIEW

Who We Are

We are a global leader in renewable energy solutions. We believe the next-generation distributed energy storage systems (ESS) — a product that tens of millions of homes and businesses around the world use for solar power generation, storage and charging — will be characterized by incorporating AI and advanced software technologies to deliver smarter, safer and scalable energy solutions. Two years after our founding, we have become the world's No. 1 provider of stackable all-in-one DESS solutions as measured by product shipments with a 24.3% market share in the nine months ended September 30, 2024 according to Frost & Sullivan.

We were founded in May 2022, with a blueprint to reshape the distributed ESS industry with technology and product innovations. In June 2023, we unveiled our flagship product *SigenStor*, the world's first AI-optimized, 5-in-1 ESS solution according to Frost & Sullivan. In the nine months ended September 30, 2024, we generated revenue of RMB699.7 million, a milestone that, according to Frost & Sullivan, typically takes industry peers more than five years to reach. As measured by the number of years taken to reach US$100 million in annual revenue, we recorded the fastest growth among all ESS providers in China, according to Frost & Sullivan. Set forth below are certain of our major milestones since our establishment.

Major Milestones of Development Throughout History

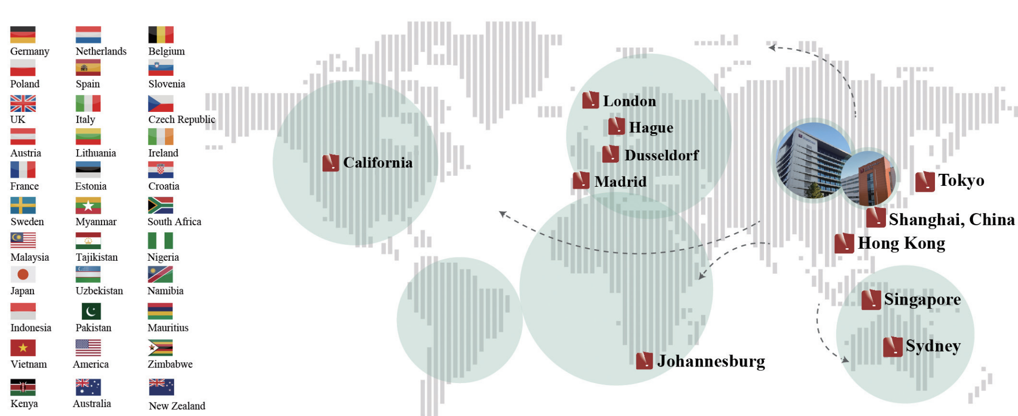


Our Business

We develop and provide innovative renewable energy solutions for both homes and businesses. Our flagship product, *SigenStor*, seamlessly integrates a solar inverter, EV DC charger, Power Conversion System (PCS), battery pack, and Energy Management System (EMS) with a modular, stackable product design. With simple stacking or module replacement, users can tailor capacity to meet a range of energy needs across residential, commercial, and industrial applications, showcasing substantial flexibility and scalability. During the Track Record Period, *SigenStor* sales had consistently contributed over 90% of our total revenue.

The fusion of advanced power electronics with AI and software technologies elevates energy efficiency and user experience, distinguishing us from conventional offerings. Anchored in a cloud-native infrastructure and enhanced by AI-driven optimization, our adaptable and ever-evolving products deliver tailored energy plans, maximizing cost savings while providing a safer, smarter and more refined user experience.

The exceptional scalability and convenience benefits offered by our products have captivated customers worldwide. At present, our reach extends far and wide — we work with an extensive network of 99 distributors spanning over 60 countries and regions as of the Latest Practicable Date, and we have become the go-to partner for leading distributors in all major markets such as Europe, APAC and Africa, including the top distributor in the UK, Ireland, Sweden, South Africa, Australia and United States. In the nine months ended September 30, 2024, we achieved total energy capacity sales of 220 MWh for our flagship product, *SigenStor*.



To uphold exceptional product quality, we manufacture our products at our manufacturing facilities in Lin-gang, Shanghai and Nantong, Jiangsu. By pairing advanced equipment and technology with rigorous quality control protocols, we ensure product reliability and performance. As of the Latest Practicable Date, our expected annual production capacity is 90,000 units for inverters and 1.8 GWh for battery packs, respectively, and our utilization rates were 73.6% and 88.3%, respectively, for the nine months ended September 30, 2024.

Our Achievements

Driven by our technological capabilities and the compelling value of our products, we experienced rapid business expansion and revenue growth throughout the Track Record Period. Our revenues increased from nil in 2022 to RMB58.3 million in 2023, and from RMB4.4 million in the nine months ended September 30, 2023 to RMB699.7 million for the corresponding period in 2024. While we have been incurring net losses during the Track Record Period as we transitioned from research and development to large-scale commercial production, our net loss has narrowed significantly to RMB53.4 million in the nine months ended September 30, 2024, compared to RMB199.6 million for the corresponding period in 2023. The following diagram sets forth certain of our business achievements.

No. 1 Global Market Share among the stackable all-in-one DESS solution providers	Shortest Time reaching US$100 million in annual sales revenue[(2)]	Gross Profit Margin 44.2% from January to September 2024
World's First 5-in-1 ESS solution provider	50% R&D employees[(3)]	420+ / 100+ patent applications/ issued patents[(1)]
Global Business Coverage 60+ countries and regions[(1)]	99 cooperative distributors[(1)]	5,600+ registered installers[(1)]

Notes:

(1) As of the Latest Practicable Date.

(2) Among China ESS companies in the global stackable all-in-one DESS solutions market.

(3) As of September 30, 2024.

OUR AI-EMPOWERED RENEWABLE ENERGY SOLUTIONS

We develop and provide innovative renewable energy solutions for homes and businesses, integrating the latest advancements in power electronics, cloud computing, and AI. Our products are designed to integrate seamlessly into diverse residential, commercial, and industrial environments, adapting to varying energy consumption needs. To enhance user experience, we developed the AI-powered *mySigen* App, which provides comprehensive visibility and control over energy use. The app enables real-time monitoring, intuitive device management, and efficient troubleshooting across our product suite, delivering a seamless, all-in-one solution for intelligent energy management across multiple platforms and devices.

During the Track Record Period, we generated our revenues from sales of products, including primarily *SigenStor*, our flagship 5-in-1 ESS solution, which consistently represented over 90% of our total revenues. To a lesser extent, we also generated revenue from the sale of energy gateways, including three-phase gateways, C&I gateways, and single-phase gateways, as well as other products such as EV AC chargers. The following table sets forth our revenue breakdown by products, in absolute amounts and as a percentage of our total revenue, for the periods indicated.

	Period from May 24, 2022 to December 31,		Year ended December 31,		For the nine months ended September 30,			
	2022		2023		2023		2024	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
					(unaudited)			
	(in thousands, except percentages)							
SigenStor	–	–	56,174	96.4	4,318	97.6	633,386	90.5
Gateways	–	–	1,115	1.9	44	1.0	37,248	5.3
Others*	–	–	1,013	1.7	60	1.4	29,107	4.2
Total	**–**	**–**	**58,302**	**100.0**	**4,422**	**100.0**	**699,741**	**100.0**

**Note:* including primarily standalone EV AC chargers and accessories.

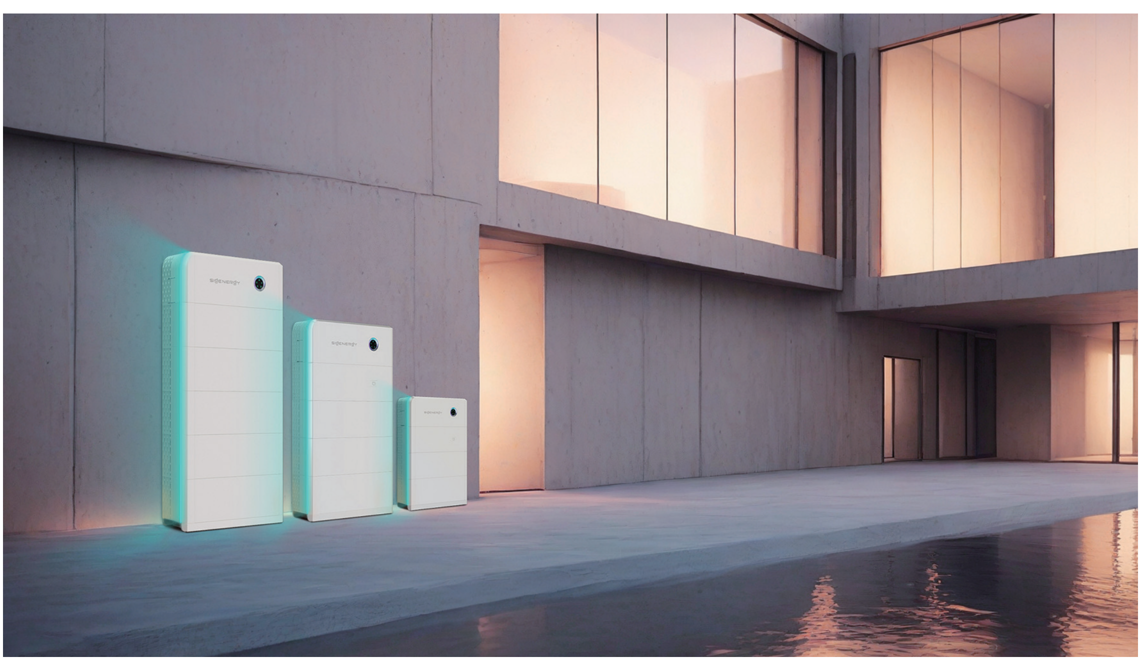
Since our inception, we have rapidly expanded our global footprint as part of our growth strategies. As of September 30, 2024, our sales network spans over 50 countries and regions, with Europe as our largest revenue source. The following table sets forth our revenue breakdown by geographical locations, in absolute amounts and as a percentage of our total revenue, for the periods indicated.

	Period from May 24, 2022 to December 31,		**Year ended December 31,**		**For the nine months ended September 30,**			
	2022		**2023**		**2023**		**2024**	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
					(unaudited)			
	(in thousands, except percentages)							
Europe	–	–	42,312	72.6	3,519	79.6	455,690	65.1
Africa	–	–	904	1.6	33	0.7	90,414	12.9
APAC	–	–	5,307	9.1	830	18.8	78,541	11.2
Others*	–	–	9,779	16.7	40	0.9	75,096	10.8
Total	**–**	**–**	**58,302**	**100.0**	**4,422**	**100.0**	**699,741**	**100.0**

**Note:* Other regions include Mainland China, Middle East and Central Asia, Latin America and Northern America.

Our Flagship 5-in-1 ESS Solution — *SigenStor*

We launched *SigenStor*, our flagship product, in 2023, integrating a solar inverter, EV DC charger, PCS, battery pack and EMS into one AI-optimized, 5-in-1 ESS solution in a modular and stackable design. Below is the simple yet elegant exterior design of our *SigenStor*.



We have thoughtfully crafted *SigenStor* into three core modules: the *Sigen Energy Controller*, the *Sigen EV DC Charging Module*, and the *Sigen Battery*. To ensure the optimal functionality of *SigenStor*, users are required to purchase the *Sigen Energy Controller* and the *Sigen Battery* simultaneously. Additionally, users have the flexibility to include up to six battery packs, allowing them to customize the system to meet their unique and diverse energy requirements. Installation is as simple as stacking these modules together, providing customers with a compelling user experience and remarkable scalability benefits. For details, see "Business — Our AI-Empowered Renewable Energy Solutions — Our Flagship 5-in-1 ESS Solution — *SigenStor*."

Energy Gateway

The energy gateway is an intelligent backup box designed to enhance energy reliability and efficiency. Capable of integrating with multiple SigenStor units, it forms a robust foundation for advanced micro-grid systems. Our gateways ensure seamless energy continuity, offering uninterrupted power through versatile integration with solar inverters, ESS, the grid, and backup generators. Its rapid 350-millisecond reverse power flow protection safeguards both the grid and generator, reinforcing system resilience. Furthermore, in the event of a power grid outage, our energy gateways offers 0ms load-side disruption and rapid on-grid and off-grid source switching to deliver uninterrupted power supply, further improving power supply stability and reliability. Under our gateway product category, we offer three-phase C&I and residential gateways as well as single-phase residential gateways. For details, see "Business — Our AI-Empowered Renewable Energy Solutions — Energy Gateway."

Our Mobile App

We have developed an AI-empowered mobile app — *mySigen* to empower users with visibility and control over their energy consumption. Offering real-time monitoring, effortless device management, and seamless troubleshooting across our entire product range, the *mySigen* App provides a sophisticated, all-in-one solution for intelligent energy management, all at the user's fingertips across various platforms and screens. For details, see "Business — Our AI-Empowered Renewable Energy Solutions — Our Mobile App."

MANUFACTURING

We mass produce our key products or product components, primarily including inverters and battery packs, at our manufacturing facilities located in the Lin-gang New Area in Shanghai and Nantong, Jiangsu. Our inverter units for *SigenStor* are built with integrated EMS and PCS systems, and can be easily stacked with battery packs and EV DC chargers, completing our modular *SigenStor* design. As of September 30, 2024, our total annual production capacity for inverters was 58,800 units, while our total annual production capacity for battery packs was 416.0 MWh. As of the Latest Practicable Date, our expected annual production capacity is 90,000 units of inverters and 1.8 GWh of battery packs.

Our Lin-gang manufacturing center is outfitted with state-of-the-art technology and innovative processes that enable the efficient production of high-quality products. Advanced testing systems such as aging and fully automated inverter testing, and a comprehensive range of quality control tools, including metallographic analysis equipment, battery testing equipment, safety testing equipment and general measuring equipment, are integral to our operations. We have also implemented the latest self-developed manufacturing execution system (MES) to streamline our processes and provide real-time monitoring throughout production, enabling traceability throughout the entire production process from key components to finished products.

For details, see "Business — Manufacturing."

OUR SALES AND DISTRIBUTION CHANNELS

We primarily rely on partnerships with distributors to market and sell our products globally. During the Track Record Period, substantially all of our revenue was generated through our expanding distribution network. Given their on-the-ground knowledge, access to diverse local families and businesses, and familiarity with local grid standards and regulatory requirements, our distributors are well-positioned to drive our penetration and sustained growth in global markets. They are able to serve local users with greater responsiveness and a more tailored approach, which allows us to expand our user base in a cost-effective manner. According to Frost & Sullivan, adopting a distributorship model is in line with industry norms. We also allow our distributors to engage sub-distributors, predominantly installers, within their designated sales territories to assist in the marketing and sales of our products to end users, and to organize events to directly promote our products. For details, see "Business — Sales and Distribution — Distributorship."

OUR CUSTOMERS AND SUPPLIERS

Our primary customers are distributors who purchase our products and then distribute them to installers, end users, and others in each distributors' sales regions. For details of our relationship with distributors, including the key contractual terms, see "Business — Sales and Distribution — Distributorship." Revenue generated from our five largest customers in each of 2022 and 2023 and the nine months ended September 30, 2024 accounted for nil, 72.5% and 43.0% of our total revenue for the respective periods. Revenue generated from our largest customer in each of 2022 and 2023 and the nine months ended September 30, 2024 accounted for nil, 22.9% and 10.9% of our total revenue for the respective periods. For details, see "Business — Our Customers."

Our suppliers primarily include suppliers of batteries, semiconductors, and other essential components for our products. Purchases from our five largest suppliers in each of 2022 and 2023 and the nine months ended September 30, 2024 accounted for 43.5%, 41.1% and 47.4% of our total purchases for the respective periods. Purchases from our largest supplier in each of 2022 and 2023 and the nine months ended September 30, 2024 accounted for 14.5%, 14.3% and 19.7% of our total purchases for the respective periods. For details, see "Business — Supply Chain Management."

OUR COMPETITIVE STRENGTHS

Our competitive strengths include:

- Fast-growing leader in the promising distributed ESS market;
- Strong technological innovation capabilities;
- Compelling product value propositions elevating user experience;

- Go-to partner for top distributors worldwide;
- End-to-end manufacturing and operational excellence ensuring quality and efficiency; and
- Visionary leadership and innovative corporate culture.

For details, see "Business — Our Competitive Strengths."

OUR GROWTH STRATEGIES

We plan to implement the following strategies to achieve our long-term goals:

- Continue to invest in technology innovation to broaden product portfolio and use cases;
- Integrate cloud computing, AI and advanced software technologies;
- Expand production capacity and intelligent manufacturing capabilities;
- Accelerate global expansion; and
- Enhance strategic cooperation along the industry value chain.

For details, see "Business — Our Growth Strategies."

RISK FACTORS

Our business and the [**REDACTED**] involve certain risks, including risks relating to (i) our business and industry; (ii) doing business in the geographic markets in which we operate; and (iii) the [**REDACTED**]. Some of the major risks we face include, but are not limited to, the following:

- We have a limited operating history which may not be indicative of our future growth or financial results, and we may not be able to sustain our historical growth rates.
- If we are unable to successfully manage our rapid growth, our business and prospects may be materially and adversely affected.
- We recorded net losses and operating cash outflow during the Track Record Period, and there is no guarantee that we can achieve or maintain profitability in the future.
- We rely on our distribution network to promote and sell our products and services and generate a vast majority of revenue from our distributors.

- Technologies relating to ESS solutions are rapidly evolving. If we cannot keep up with the latest development, our business, results of operations, financial condition and prospects may be materially and adversely affected.

- Our future growth and success are dependent upon the continued acceptance and adoption of ESS solutions.

- We face competition as the ESS market develops and evolves, and failure to compete effectively, launch new products and services, or successfully enter into new business initiatives may materially and adversely affect our market share and profitability.

COMPETITIVE LANDSCAPE

According to Frost & Sullivan, the global ESS market is expected to grow rapidly, being driven by factors such as the development of renewable energy, favorable government policies, continuous price and cost reduction and increasing global demand for stable energy supplies and energy price stability. According to the same source, from 2019 to 2023, the global ESS annual shipment increased from 8.9 GWh to 149.1 GWh with a CAGR of 102.2%, while it is estimated that in 2029, the global ESS annual shipment will be 793.0 GWh, representing a CAGR of 31.1% from 2024 to 2029. The global ESS market is also expected to experience various market trends, such as increasing shifts away from centralized ESS models to distributed ESS models, deepening integration and application of AI technologies, growing focus on battery safety, and continuous price and cost reductions.

We operate in the global ESS industry, and are the largest stackable all-in-one DESS solutions enterprise in terms of shipments for the nine months ended September 30, 2024, with total shipments of 231 MWh and accounting for 24.3% market share. Furthermore, in the China ESS market, we are the fastest ESS solutions enterprise to achieve US$100 million in annual revenue, taking only two years since our establishment as opposed to more than five years for other ESS enterprises in the China ESS market. As key market players vigorously advocate for stackable all-in-one DESS solution in 2024, the shipment volume is expected to reach 1.5 GWh. Looking ahead, as the advantages of the stackable all-in-one DESS solution in terms of flexibility, cost savings, efficiency, convenience and safety become more widely recognized, as well as their application scenarios continue to expand, the global shipment of stackable all-in-one DESS solution is expected to reach 36.1 GWh in 2029, which a CAGR of 87.8% from 2024 to 2029.

See "Industry Overview" for more details on our competitive landscape, market drivers and development trends.

SUMMARY OF KEY FINANCIAL INFORMATION

Consolidated Statements of Profit or Loss

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

	Period from May 24, 2022 to December 31,	Year ended December 31,	For the nine months ended September 30,	
	2022	2023	2023	2024
	RMB	*RMB*	*RMB*	*RMB*
			(unaudited)	
		(in thousands)		
Revenue	–	58,302	4,422	699,741
Cost of sales	–	(40,053)	(4,339)	(390,191)
Gross profit	**–**	**18,249**	**83**	**309,550**
Other income and gains (net)	1,354	9,775	5,456	14,432
Selling and distribution expenses	(685)	(53,422)	(22,566)	(104,692)
Administrative expenses	(50,318)	(149,628)	(46,770)	(50,128)
Research and development expenses	(26,164)	(193,005)	(133,014)	(197,649)
Finance costs	(367)	(4,755)	(2,773)	(8,014)
Impairment losses on financial assets (net)	(7)	(500)	(45)	(6,108)
Loss before tax	**(76,187)**	**(373,286)**	**(199,629)**	**(42,609)**
Income tax expense	–	(166)	–	(10,745)
Loss for the year/period	**(76,187)**	**(373,452)**	**(199,629)**	**(53,354)**

During the Track Record Period, we experienced significant and rapid growth in our results of operations. Our revenue has increased exponentially since our inception in 2022, from nil in 2022 (as we did not commence large-scale commercial production and sales) to RMB58.3 million in 2023, and increased from RMB4.4 million for the nine months ended September 30, 2023 to RMB699.7 million for the same period in 2024. Our gross margin has also increased from nil in 2022 (as we did not commence large-scale commercial production and sales) to 31.3% in 2023, and increased from 1.9% for the nine months ended September 30, 2023 to 44.2% for the same period in 2024. For details, see "Financial Information — Description of Major Components of Our Results of Operations." During the Track Record Period, we had achieved sustained business growth but were loss-making, as described in "Business — Business Sustainability".

Non-IFRS Financial Measures

To supplement our consolidated financial statements presented in accordance with IFRSs, we use adjusted net loss (non-IFRS measure) for the year/period as an additional financial measure, which is not required by, or presented in accordance with IFRSs. We define adjusted net loss (non-IFRS measure) for the year/period as the loss for the year/period adjusted to add back equity-settled share-based payment expenses. We believe that this non-IFRS measure facilitates comparisons of operating performance from year to year and company to company by eliminating potential impacts of items that our management does not consider to be indicative of our operating performance. We believe that this non-IFRS measure provides useful information to [**REDACTED**] in understanding and evaluating our consolidated results of operations in the same manner as it helps our management. The use of this non-IFRS measure has limitations as an analytical tool, and [**REDACTED**] should not consider it in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRSs.

The following table sets forth a reconciliation of our adjusted net loss (non-IFRS measure) for the years/periods presented to the nearest measures prepared in accordance with IFRS, which is loss for the year/period.

	Period from May 24, 2022 to December 31,	Year ended December 31,	For the nine Months ended September 30,	
	2022	**2023**	**2023**	**2024**
			(Unaudited)	
	(RMB in thousands)			
Loss for the year/period . .	(76,187)	(373,452)	(199,629)	(53,354)
Add back:				
Equity-settled share-based payment expenses[1]	37,253	123,954	23,904	33,970
Adjusted net loss for the year/period	(38,934)	(249,498)	(175,725)	(19,384)

Note:

(1) Equity-settled share-based payment expenses represent compensation paid in the form of company shares or stock options to employees, directors, or other parties, which are non-cash and non-operational in nature.

Consolidated Statements of Financial Position

The table below sets forth selected information from our consolidated statements of financial position as of the dates indicated, which has been extracted from our consolidated financial statements included in Appendix I to this Document.

	As of December 31,		As of September 30,
	2022	2023	2024
			(Unaudited)
		(RMB in thousands)	
Total non-current assets	35,061	145,744	143,136
Total current assets	366,245	510,235	1,015,866
Total assets	**401,306**	**655,979**	**1,159,002**
Total non-current liabilities	17,251	34,777	41,242
Total current liabilities	19,460	357,397	702,319
Total liabilities	**36,711**	**392,174**	**743,561**
Net assets	**364,595**	**263,805**	**415,441**
Total equity	**364,595**	**263,805**	**415,441**

For details, see "Financial Information — Discussion of Certain Key Items from our Consolidated Statements of Financial Position."

Consolidated Statements of Cash Flow

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

	Period from May 24, 2022 to December 31,	Year ended December 31,	For the nine months ended September 30,	
	2022	2023	2023	2024
			(unaudited)	
		(RMB in thousands)		
Operating cash flows before movements in working capital	(37,568)	(234,077)	(166,657)	24,987
Changes in working capital	996	(140,277)	(105,966)	(219,579)
Income tax paid	–	–	–	(6,517)
Interest received	469	4,640	4,038	1,061
Net cash flows used in operating activities	(36,103)	(369,714)	(268,585)	(200,048)
Net cash flows used in investing activities	(11,416)	(92,995)	(63,755)	(23,568)

	Period from May 24, 2022 to December 31,	Year ended December 31,	For the nine months ended September 30,	
	2022	2023	2023	2024
			(unaudited)	
	(RMB in thousands)			
Net cash flows generated from financing activities	402,178	341,356	292,883	281,500
Net increase/(decrease) in cash and cash equivalents	**354,659**	**(121,353)**	**(39,457)**	**57,884**
Cash and cash equivalents at the beginning of the year/period	–	354,659	354,659	233,306
Effect of foreign exchange differences (net)	–	–	–	2,521
Cash and cash equivalents at the end of the year/period	**354,659**	**233,306**	**315,202**	**293,711**

For details, see "Financial Information — Liquidity and Capital Resources — Cash Flow Analysis."

KEY FINANCIAL RATIOS

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

	Period from May 24, 2022 to December 31,	Year ended December 31,	For the nine months ended September 30,
	2022	2023	2024
Current ratio[(1)]	18.8	1.4	1.4
Quick ratio[(2)]	18.7	0.9	0.8
Debt to asset ratio[(3)]	9.1%	59.8%	64.2%
Gross margin[(4)]	–	31.3%	44.2%

Notes:

(1) Current ratio is calculated as the total current assets divided by the total current liabilities as at the end of the respective year/period.

(2) Quick ratio is calculated as total current assets less inventories divided by the total current liabilities as at the end of the respective year/period.

(3) Debt to asset ratio is calculated as the total liabilities divided by the total assets as at the end of the respective year/period, multiplied by 100%.

(4) Gross margin is calculated as the gross profit for the year/period divided by revenue for the year/period, multiplied by 100%.

For a detailed discussion on the historical changes of these key financial ratios, see "Financial Information — Period-to-Period Comparison of Results of Operations" and "Financial Information — Discussion of Certain Key Items From our Consolidated Statements of Financial Position."

BUSINESS SUSTAINABILITY

We were incorporated in May 2022 and began commercial production and sales in May 2023. Since inception, we have been loss-making mainly because we are at the nascent stage of development, with our net losses attributable to, among others, expenses incurred during our establishment and initial ramp-up of commercial sales coupled with significant investments in scaling production, expanding our global distributor network, fostering end-user growth and engagement, and advancing product and technology R&D.

Going forward, we will seek to continue to improve profitability through (i) continuing to grow our distributor network and geographic coverage, (ii) expanding product portfolio and revenue streams, and (iii) efficient management of operating expenses and cost control. For details, see "Business — Business Sustainability."

DIVIDENDS

No dividend was paid or declared by us or any of our subsidiaries since our incorporation. As of the Latest Practicable Date, we did not have a formal dividend policy or a fixed dividend distribution ratio. PRC laws require that dividends be paid only out of our distributable profits. Distributable profits are our after-tax profits, less appropriations to statutory and other reserves that we are required to make. Pursuant to our Articles of Association, our Board may declare dividends in the future after taking into account our results of operations, financial conditions, cash requirements and availability, and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, applicable PRC laws and approval by our Shareholders. After the [**REDACTED**], we may declare and pay dividends mainly by cash or by stock that we consider appropriate. Decisions to declare or to pay any dividends in the future will depend on, among other things, our Company's profitability, operations and development plans, external financing environment, costs of capital, our Company's cash flows, and other factors that our Directors may consider relevant. Our ability to distribute dividends in the future also depends on whether we can receive dividends from our subsidiaries.

FUTURE PLANS AND USE OF [REDACTED]

Assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the [**REDACTED**] stated in this Document), we estimate that we will receive net [**REDACTED**] of approximately HK$[**REDACTED**] from the [**REDACTED**] after deducting the [**REDACTED**] fees and [**REDACTED**] and estimated [**REDACTED**] payable by us in connection with the [**REDACTED**] (assuming the [**REDACTED**] is not exercised).

We intend to use the net [**REDACTED**] as follows:

- approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to further grow our R&D team and upgrade our R&D equipment and technologies;
- approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to strengthen our marketing and after-sales services to drive expansion of our global customer base and business coverage;
- approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for expansion of production capacity;
- approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to diversify our product portfolio and expand our C&I ESS solutions; and
- approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for working capital and general corporate purposes.

For details, see "Future Plans and Use of [**REDACTED**]."

[**REDACTED**]

Our [**REDACTED**] mainly include (i) [**REDACTED**], such as [**REDACTED**] fees and [**REDACTED**], and (ii) [**REDACTED**], comprising professional fees paid to our legal advisers and reporting accountants for their services rendered in relation to the [**REDACTED**] and the [**REDACTED**], and other fees and expenses. Assuming full payment of the discretionary incentive fee, the estimated total [**REDACTED**] (based on the mid-point of the [**REDACTED**] and assuming that the [**REDACTED**] is not exercised) for the [**REDACTED**] are approximately HK$[**REDACTED**], accounting for approximately [**REDACTED**]% of our gross [**REDACTED**]. Among such estimated total [**REDACTED**], we expect to pay [**REDACTED**] of HK$[**REDACTED**], professional fees for our legal advisers and reporting accountants of HK$[**REDACTED**] and other fees and expenses of HK$[**REDACTED**]. An estimated amount of HK$[**REDACTED**] for our [**REDACTED**], accounting for approximately [**REDACTED**]% of our gross [**REDACTED**], is expected to be expensed through the statement of profit or loss and an estimated amount of HK$[**REDACTED**] is expected to be recognized directly as a deduction from equity upon the [**REDACTED**]. We did not recognize any [**REDACTED**] in 2022 and 2023 and the nine months ended September 30, 2024 in our consolidated statements of profit or loss and other comprehensive income.

[**REDACTED**]

OUR SHAREHOLDING STRUCTURE

Our Controlling Shareholders

Immediately prior to the [**REDACTED**], our Company is controlled by Mr. Xu as to approximately 10.18% directly and as to approximately 39.10% indirectly through Mr. Xu Controlled Entities, namely Shanghai Ouji, Shanghai Gulin, Shanghai Mailin and Shanghai Maita. Mr. Xu, our Founder, the chairman of the Board and an executive Director, is the sole general partner of each of Mr. Xu Controlled Entities. As such, each of Mr. Xu Controlled Entities is a close associate of Mr. Xu. Mr. Xu and Mr. Xu Controlled Entities form a group of Controlling Shareholders for the purpose of the Listing Rules. As of the Latest Practicable Date, the group of Controlling Shareholders are in aggregate entitled to control the exercise of approximately 49.28% of the voting rights of our Company.

Immediately following the completion the [**REDACTED**], the group of Controlling Shareholders will be, in aggregate, entitled to control the exercise of approximately [**REDACTED**]% of the voting rights (taking into account the [**REDACTED**], and assuming the [**REDACTED**] is not exercised) or approximately [**REDACTED**]% of the voting rights (taking into account the [**REDACTED**], and assuming the [**REDACTED**] is exercised in full) and thus remain as a group of Controlling Shareholders.

Pre-[REDACTED] Investments

We conducted multiple rounds of Pre-[**REDACTED**] Investments from June 2022 to January 2024 with the Pre-[**REDACTED**] Investors, including but not limited to, Zhuhai Meiheng, Guangzhou Huaxin, V Fund entities, Eastern Bell Capital, etc. For further details of the identity and background of the Pre-[**REDACTED**] Investors and the principal terms of the Pre-[**REDACTED**] Investments, see "History, Development and Corporate Structure — Pre-[**REDACTED**] Investments."

[**REDACTED**]

SHORTER TRADING RECORD PERIOD

The Company was established in May 2022. Since May 2023, our Company started to record revenue from its principal activities. As such, the Company has a trading record since May 2023, and the year of 2022 and the first five months of 2023 cannot be counted towards the satisfaction of the requirement of a trading record under Rule 8.05(3) of the Listing Rules. Pursuant to Rule 8.05A of the Listing Rules, we have applied to the Stock Exchange for, and the Stock Exchange [has granted] us, a waiver from strict compliance with the requirements under Rule 8.05(3) of the Listing Rules. For more details, please refer to the section headed "Waivers."

LEGAL PROCEEDINGS AND COMPLIANCE

Our Directors, as advised by our PRC Legal Adviser, confirm that we had complied with the relevant PRC laws and regulation in all material respects during the Track Record Period and up to the Latest Practicable Date. During the Track Record Period and up to the Latest Practicable Date, we were not subject to any claims, damages, or losses that would have a material adverse effect on our financial position or results of operations as a whole.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that up to the date of this Document, there has been no material adverse change in our financial, operational, or trading position, indebtedness, mortgage, contingent liabilities, guarantees or prospects since September 30, 2024, being the end of the period reported on the Accountants' Report included in Appendix I; and there has been no event since September 30, 2024 and up to the date of this Document which would materially affect the information shown in the Accountants' Report set out in Appendix I to this Document.

In this Document, unless the context otherwise requires, the following terms and expressions have the meanings set forth below. Certain other terms are explained in the section headed "Glossary of Technical Terms" in this Document.

"Accountants' Report"	the accountants' report prepared by EY, details of which are set out in Appendix I to this Document
"affiliate"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC"	the Accounting and Financial Reporting Council of Hong Kong
"AIC"	Administration of Industry & Commerce* (工商行政管理機關) of the PRC (now known as the Administration for Market Regulation* (市場監督管理局) or, where the context so requires, the State Administration for Industry & Commerce of the PRC (中華人民共和國工商行政管理總局) or its delegated authority at the provincial, municipal or other local level
"Articles of Association" or "Articles"	the articles of association of our Company, as amended, which shall become effective on the [**REDACTED**], a summary of which is set out in Appendix III
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Beijing Sigenergy"	Beijing Sigenergy Intelligence Technology Co., Ltd.* (北京思格源智能科技有限公司), a limited liability company established in the PRC on April 28, 2023, and a wholly-owned subsidiary of our Company
"Board" or "Board of Directors" or "our Board"	the board of Directors
"business day"	a day on which banks in Hong Kong are generally open for normal business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong

[**REDACTED**]

"China" or "PRC"	the People's Republic of China which, for the purpose of this Document and for geographical reference only, excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
"close associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company," "our Company" or "the Company"	Sigenergy Technology Co., Ltd. (思格新能源(上海)股份有限公司), a limited liability company established in the PRC on May 24, 2022 and converted into a joint stock limited liability company in the PRC on January 13, 2025, formerly known as Shanghai Sigenergy Technology Co., Ltd.* (上海思格新能源技術有限公司)
"Compliance Adviser"	Rainbow Capital (HK) Limited
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules

"connected transaction(s)"	has the meaning ascribed thereto under the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules and unless the context otherwise requires, refers to Mr. Xu and Mr. Xu Controlled Entities. See "Relationship with Our Controlling Shareholders" for more details
"Conversion of Unlisted Shares into H shares"	the conversion of [**REDACTED**] Unlisted Shares into H Shares on a one-for-one basis upon the completion of [**REDACTED**], as described in further detail in "Share Capital"
"Corporate Governance Code"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
"CSDC"	China Securities Depositary and Clearing Corporation Limited (中國證券登記結算有限責任公司)
"CSRC"	the China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)"	the director(s) of our Company
"EIT"	enterprise income tax
"EIT Law"	the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法), as amended, supplemented or otherwise modified from time to time
"Employee Incentive Platforms"	the pre-[**REDACTED**] employee incentive platforms of our Group, namely Shanghai Ouji, Shanghai Gulin, and their respective limited partners, namely Yuansi Chuangshuo (源思創爍), Yuansi Gongju (源思共聚), Yuansi Hezhong (源思和衷), Yuansi Nengju (源思能聚), Yuansi Tongzhou (源思同舟), Yuansi Yuanlue (源思遠略), and Yuansi Zhitong (源思致同)

[**REDACTED**]

"Extreme Conditions"	extreme conditions as announced by the government of Hong Kong in the case where a super typhoon or other natural disaster of a substantial scale serious affects the working public's ability to resume work or brings safety concern for a prolonged period

[**REDACTED**]

"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., a market research and consulting company and Independent Third Party, which prepared the Frost & Sullivan Report
"Frost & Sullivan Report"	an independent market research report [**REDACTED**] by us and prepared by Frost & Sullivan for the purpose of this Document

[**REDACTED**]

"Group," "our Group," "we" or "us"	our Company and its subsidiaries, or any one of them as the context may require, and where the context requires, the businesses operated by our Company and/or its subsidiaries and their predecessors (if any)
"Guide for New Listing Applicants"	the Guide for New Listing Applicants issued by the Stock Exchange effective from January 1, 2024, as amended, supplemented or otherwise modified from time to time
"Hefei Sigenergy"	Hefei Sigenergy Intelligence Technology Co., Ltd.* (合肥思格源智能科技有限公司), a limited liability company established in the PRC on November 24, 2023, and wholly-owned subsidiary of our Company

DEFINITIONS

"H Share(s)"	overseas [**REDACTED**] foreign share(s) in the share capital of our Company, which is/are to be [**REDACTED**] and [**REDACTED**] in HK dollars and to be [**REDACTED**] on the Stock Exchange, with a nominal value of RMB1.0 each before the completion of the [**REDACTED**]; or a nominal value of RMB[**REDACTED**] each upon the completion of the [**REDACTED**]

[**REDACTED**]

DEFINITIONS

[**REDACTED**]

"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong

[**REDACTED**]

"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited
"Hong Kong Takeovers Code" or "Takeovers Code"	the Codes on Takeovers and Mergers and Share Buybacks issued by the SFC, as amended, supplemented or otherwise modified from time to time

[**REDACTED**]

"IFRS"	the International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by IASB and the International Accounting Standards (IAS) and interpretations issued by the International Accounting Standards Board ("IASB")
"Independent Third Party(ies)"	any entity(ies) or person(s), to the best of our Directors' knowledge, information and belief having made all reasonable enquiries, who is not a connected person of our Company within the meaning ascribed to it under the Listing Rules

[**REDACTED**]

"Jiangsu Sigenergy"	Sigenergy Technology (Jiangsu) Co., Ltd.* (江蘇思格新能源技術有限公司), a limited liability company established in the PRC on July 5, 2024, and a wholly-owned subsidiary of our Company

[**REDACTED**]

"Joint Sponsors"	the joint sponsors of the [**REDACTED**] as named in "Directors, Supervisors and Parties Involved in the [**REDACTED**]"
"Latest Practicable Date"	[February 17], 2025, being the latest practicable date for the purpose of ascertaining certain information contained in this Document prior to its publication

[**REDACTED**]

"Listing Committee"	the Listing Committee of the Stock Exchange

[**REDACTED**]

"Listing Rules" or "Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with Growth Enterprise Market of the Stock Exchange
"[**REDACTED**]"	HK$[**REDACTED**] per [**REDACTED**], being the maximum [**REDACTED**] price in the [**REDACTED**]
"MIIT"	Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)

"[**REDACTED**]"	HK$[**REDACTED**] per [**REDACTED**], being the minimum [**REDACTED**] price in the [**REDACTED**], subject to change as described in this Document
"Ministry of Finance" or "MOF"	Ministry of Finance of the PRC (中華人民共和國財政部)
"MOFCOM"	Ministry of Commerce of the PRC (中華人民共和國商務部)
"Mr. Xu"	Mr. Xu Yingtong (許映童), our chairman of the Board, an executive Director, Chief Executive Officer and our ultimate Controlling Shareholder
"Mr. Xu Controlled Entities"	(a) Shanghai Gulin and Shanghai Ouji, each being an Employee Incentive Platform; and (b) Mr. Xu's investment holding platforms, namely Shanghai Mailin and Shanghai Maita, each being members of the group of Controlling Shareholders
"Mr. Zhang"	Mr. Zhang Xianmiao (張先淼), an executive Director and the president of our Company
"NDRC"	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"Nomination Committee"	the nomination committee of the Board

[**REDACTED**]

[**REDACTED**]

"PBOC"	People's Bank of China (中國人民銀行), the central bank of the PRC
"PRC Company Law"	Company Law of the People's Republic of China (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time
"PRC GAAP"	generally accepted accounting principles in the PRC
"PRC Government" or "State"	the central government of the PRC, including all governmental subdivisions (including principal, municipal and other regional or local government entities) and instrumentalities
"PRC Legal Adviser"	Jia Yuan Law Offices, our legal adviser as to PRC laws
"PRC Securities Law"	Securities Law of the PRC (中華人民共和國證券法), as amended, supplemented or otherwise modified from time to time
"Pre-[**REDACTED**] Investment(s)"	the investments in our Company undertaken by the Pre-[**REDACTED**] Investors, the details of which are set out in the section headed "History, Development and Corporate Structure — Pre-[**REDACTED**] Investments"
"Pre-[**REDACTED**] Investor(s)"	the pre-[**REDACTED**] investors as described in "History, Development and Corporate Structure — Pre-[**REDACTED**] Investments"

"Pre-[**REDACTED**] Employee Incentive Scheme"	the pre-[**REDACTED**] employee incentive scheme of our Company approved and adopted in September 2022, and amended in December 2024, as amended from time to time, a summary of the principal terms of which is set forth in the section headed "Statutory and General Information — Pre-[**REDACTED**] Employee Incentive Scheme" in Appendix IV

[**REDACTED**]

"Province"	each being a province or, where the context requires, a provincial-level autonomous region or municipality under the direct supervision of the central government of the PRC
"Regulation S"	Regulation S under the U.S. Securities Act
"Relevant Persons"	the Joint Sponsors, the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], any of their or our respective directors, officers, employees, partners, agents, advisers and any other parties involved in the [**REDACTED**]
"Remuneration Committee"	the remuneration committee of the Board
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"SAFE"	State Administration of Foreign Exchange of the PRC (中國國家外匯管理局)
"SAMR"	the State Administration for Market Regulation (國家市場監督管理總局)

"SAT"	State Administration of Taxation of the PRC (國家稅務總局)
"Securities and Futures Ordinance" or "SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"SFC"	Securities and Futures Commission of Hong Kong
"Shanghai Gulin"	Gulin (Shanghai) Technology Services Partnership (Limited Partnership)* (谷廩(上海)科技服務合夥企業(有限合夥)), a limited partnership established in the PRC on May 5, 2022, our Employee Incentive Platform, and is one of our Controlling Shareholders
"Shanghai Mailin"	Mailin (Shanghai) Enterprise Management Partnership (Limited Partnership)* (麥廩(上海)企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on May 6, 2022, and is one of our Controlling Shareholders
"Shanghai Maita"	Maita New Energy (Shanghai) Technology Partnership (Limited Partnership)* (麥塔新能(上海)科技合夥企業(有限合夥)), a limited partnership established in the PRC on May 20, 2022, and is one of our Controlling Shareholders
"Shanghai Ouji"	Ouji (Shanghai) Technology Partnership (Limited Partnership)* (鷗集(上海)科技合夥企業(有限合夥)), a limited partnership established in the PRC on May 7, 2022, our Employee Incentive Platform, and is one of our Controlling Shareholders
"Shanghai Qianzhusong"	Qianzhusong (Shanghai) Enterprise Management Partnership (Limited Partnership)* (千株松(上海)企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on May 5, 2022, of which Mr. Zhang Xianmiao is the sole general partner
"Shanghai Sigenergy"	Shanghai Sigeyuan Intelligence Technology Co., Ltd.* (上海思格源智能科技有限公司), a limited liability company established in the PRC on December 7, 2022, and a wholly-owned subsidiary of our Company

"Share(s)"	ordinary share(s) in the share capital of our Company, including both Unlisted Shares and H Shares, with a nominal value of RMB[**REDACTED**] each upon the completion of the [**REDACTED**]; or a nominal value of RMB1.0 each, before the completion of the [**REDACTED**]

[**REDACTED**]

"Shareholder(s)"	holder(s) of the Share(s)
"Sige Cloud"	Shanghai Sigeyuan Digital Technology Co., Ltd.* (上海思格雲數字技術有限公司), a limited liability company established in the PRC on September 5, 2022, and a wholly-owned subsidiary of our Company

[**REDACTED**]

"State Council"	the State Council of the PRC (中華人民共和國國務院)
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Supervisor(s)"	member(s) of our Supervisory Committee
"Supervisory Committee"	the supervisory committee of our Company
"Suzhou Sigenergy"	Suzhou Sigenergy Intelligence Technology Co., Ltd.* (蘇州思格源智能科技有限公司), a limited liability company established in the PRC on April 23, 2024, and a wholly-owned subsidiary of our Company
"Track Record Period"	the two financial years ended December 31, 2022 and 2023 and the nine months ended September 30, 2024
"treasury shares"	has the meaning ascribed thereto under the Listing Rules

[**REDACTED**]

"U.S." or "United States" or "USA"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. dollar" or "US$" or "USD"	United States dollar, the lawful currency of the United States
"U.S. Securities Act"	the United States Securities Act of 1933, as amended and supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder
"VAT"	value-added tax
"Yuansi Chuangshuo"	Yuansi Chuangshuo (Shanghai) Digital Technology Partnership (Limited Partnership)* (源思創爍(上海)數字科技合夥企業(有限合夥)), a limited partnership incorporated in the PRC on December 12, 2024, which is a limited partner of Shanghai Ouji, and an Employee Incentive Platform
"Yuansi Gongju"	Yuansi Gongju (Shanghai) Technology Service Partnership (Limited Partnership)* (源思共聚(上海)技術服務合夥企業(有限合夥)), a limited partnership incorporated in the PRC on December 17, 2024, which is a limited partner of Shanghai Ouji, and an Employee Incentive Platform
"Yuansi Hezhong"	Yuansi Hezhong (Shanghai) Technology Service Partnership (Limited Partnership)* (源思和衷(上海)技術服務合夥企業(有限合夥)), a limited partnership incorporated in the PRC on December 11, 2024, which is a limited partner of Shanghai Gulin, and an Employee Incentive Platform

"Yuansi Nengju"	Yuansi Nengju (Shanghai) Technology Service Partnership (Limited Partnership)* (源思能聚(上海)技術服務合夥企業(有限合夥)), a limited partnership incorporated in the PRC on December 17, 2024, which is a limited partner of Shanghai Gulin, and an Employee Incentive Platform
"Yuansi Tongzhou"	Yuansi Tongzhou (Shanghai) Energy Technology Partnership (Limited Partnership)* (源思同舟(上海)能源技術合夥企業(有限合夥)), a limited partnership incorporated in the PRC on January 10, 2025, which is a limited partner of Shanghai Ouji, and an Employee Incentive Platform
"Yuansi Yuanlue"	Yuansi Yuanlue (Shanghai) Digital Technology Partnership (Limited Partnership)* (源思遠略(上海)數字科技合夥企業(有限合夥)), a limited partnership incorporated in the PRC on December 11, 2024, which is a limited partner of Shanghai Gulin, and an Employee Incentive Platform
"Yuansi Zhitong"	Yuansi Zhitong (Shanghai) Technology Service Partnership (Limited Partnership)* (源思致同(上海)技術服務合夥企業(有限合夥)), a limited partnership incorporated in the PRC on December 17, 2024, which is a limited partner of Shanghai Gulin, and an Employee Incentive Platform
"%"	per cent

For ease of reference, the names of Chinese laws and regulations, governmental authorities, institutions, natural persons or other entities (including our subsidiary) have been included in this Document in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail.

* *For identification purposes only*

This glossary of technical terms contains explanations of certain technical terms used in this Document. As such, these terms and their meanings may not correspond to standard industry meanings or usage of these terms.

"AC"	alternating current, an electric current which periodically reverses direction and changes its magnitude continuously with time
"AI"	artificial intelligence
"AIoT"	artificial intelligence of things, the combination of artificial intelligence technologies with the Internet of Things (IoT) infrastructure to achieve more efficient IoT operations, improve human-machine interactions and enhance data management and analytics
"APAC"	Asia-Pacific region, which includes countries in East Asia, South Asia, Southeast Asia, and Oceania, and, for the purpose of this Document only, excludes the PRC
"API"	application programming interface, a set of rules and protocols that allows different software applications to communicate and interact
"app" or "application"	application software designed to run on smartphones and other mobile devices
"Battery Directive"	Directive 2006/66/EC, an EU regulation aimed at reducing the environmental impact of batteries by setting requirements for their production, collection, recycling, and disposal
"Battery pack"	an assembly of interconnected batteries designed to store and supply electrical energy for various applications
"BESS"	battery energy storage system, a system that uses rechargeable batteries to store and supply electricity, enabling efficient energy management, grid stability, and integration of renewable energy sources
"BMS"	battery management system, a system that monitors, manages, and protects batteries, ensuring safe operation, optimal performance, and extended lifespan

"CAGR"	compound annual growth rate
"CCS1"	a charging standard used in North America for electric vehicles, combining AC and DC charging capabilities within a single connector
"CCS2"	a charging standard widely used in Europe and other regions, integrating AC and DC charging capabilities within a single connector
"C&I"	commercial and industrial
"CTP"	cell-to-pack, a battery technology that integrates cells directly into the battery pack without using individual modules
"DC"	direct current, an electric current which flows only in one direction
"distributed ESS" or "DESS"	distributed energy storage system, a network of smaller, decentralized energy storage units located near consumption points, enabling localized energy management, grid stability, and integration of renewable energy sources
"EKF"	extended kalman filter, an algorithm used in signal processing and control systems to estimate the state of a nonlinear dynamic system
"EMC Directive"	the Electromagnetic Compatibility Directive (Directive 2014/30/EU), an EU regulation aimed at ensuring that electrical and electronic equipment does not generate, or is not affected by, electromagnetic disturbance
"EMS"	energy management system, a system that monitors, controls, and optimizes energy usage and storage
"ERP"	enterprise resource planning
"ESG"	environmental, social and governance
"ESS"	energy storage system, a system designed to store energy in various forms, such as chemical, thermal, or mechanical, for later use

"EU RoHS Directive"	the Restriction of Hazardous Substances in Electrical and Electronic Equipment Directive (Directive 2011/65/EU), an EU regulation that restricts the use of specific hazardous materials in electrical and electronic equipment to protect human health and the environment
"EV AC charger"	a charging device that supplies alternating current power to electric vehicles, requiring the vehicle's onboard converter to transform it into usable energy
"EV DC charger"	a charging device that directly supplies high-power electricity to electric vehicles
"GB"	the national standards of China, established to ensure consistency, quality, and safety across various industries
"GDPR"	the General Data Protection Regulation (Regulation (EU) 2016/679), an EU regulation that establishes guidelines for the collection, processing, and protection of personal data, ensuring individuals' privacy and data rights
"IEC 62040"	international standard specifying performance and safety requirements for uninterruptible power systems
"IEC 62109"	international standard that outlines safety requirements for power converters used in photovoltaic systems
"IEC 62619"	international standard specifying safety requirements for secondary lithium batteries used in industrial applications
"IP66"	a protection rating defined by the International Electrotechnical Commission, indicating that a device is completely dust-tight and protected against strong water jets from any direction
"ISO 14001"	international standard defining the requirements for an effective environmental management system, enabling organizations to enhance environmental performance and comply with regulations
"ISO 15118"	international standard defining the communication interface between electric vehicles and the grid, enabling secure communication and smart charging

"ISO 9001"	international standard defining the requirements for a quality management system, enabling organizations to consistently meet customer and regulatory requirements
"MES"	manufacturing execution system, a system that monitors, tracks, and controls manufacturing processes in real-time
"MPP"	maximum power point, the point at which a solar panel or photovoltaic system operates at maximum efficiency, delivering the highest possible power output under given conditions
"MTP"	module type packaging, a process used in production environments to test and validate the functionality, quality, and reliability of products before they are released to the market
"ODM"	original design manufacturer, companies that design and manufacture products which are then rebranded and sold by another company, enabling businesses to offer customized products without in-house production
"OTA"	over-the-air, a technology that enables wireless delivery of updates, upgrades, or configurations to devices, ensuring functionality improvements and feature enhancements without physical intervention
"PCBA"	printed circuit boards assembly, the PCB after mounting various components, such as resistors, integrated circuits, and capacitors, depending on the application and desired characteristics of the board
"PCS"	power conversion system, a system that converts electrical energy between different forms, such as alternating current and direct current, enabling efficient energy transfer and integration in energy storage or renewable energy systems
"PV"	photovoltaic, a technology that converts sunlight directly into electricity using solar cells
"R&D"	research and development

"REACH Regulation"	Registration, Evaluation, Authorisation and Restriction of Chemicals Regulation (Regulation (EC) No 1907/2006), an EU regulation designed to ensure the safe use of chemicals by requiring manufacturers and importers to assess and manage risks associated with their substances
"Single-phase gateway"	devices used in single-phase electrical systems to manage and optimize the flow of electricity, enabling communication and control between energy sources, storage systems, and the grid
"SKU"	unique identifier assigned to a specific product or item in inventory, used for tracking and managing stock
"SOC"	State of Charge, a measure of the current energy level in a battery, expressed as a percentage of its total capacity, indicating how much charge is available for use
"SOH"	State of Health, a metric used to assess the overall condition and performance of a battery relative to its original specifications, indicating its remaining useful life and efficiency
"SOP"	State of Power, a measure of the maximum power that can be released or absorbed steadily by the power battery within a predetermined time interval
"Three-phase gateway"	devices used in three-phase electrical systems to manage and optimize electricity flow, enabling communication and control between energy sources, storage systems, and the grid
"V2H"	vehicle-to-home, a technology that allows EVs to power homes by using the EV power batteries to store and transmit energy supplied from the grid or from renewable energy sources
"V2L"	vehicle-to-load, a technology that allows EVs to power or charge an external devices using the EV power batteries to store and transmit energy supplied from the grid or from renewable energy sources

"V2X"	vehicle-to-everything, a communication technology that enables vehicles to interact with other vehicles, infrastructure, networks, and devices
"VPP"	virtual power plant, a system that aggregates and manages distributed energy resources, such as solar panels, batteries, and wind turbines, to operate as a single power plant

FORWARD-LOOKING STATEMENTS

We have included in this Document forward-looking statements. Statements that are not historical facts, including but not limited to statements about our intentions, beliefs, expectations or predictions for the future, are forward-looking statements.

This Document contains forward-looking statements and information relating to us and our subsidiary that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this Document, the words "aim," "anticipate," "believe," "could," "expect," "going forward," "intend," "may," "ought to," "plan," "project," "seek," "should," "will," "would," "vision," "aspire," "target," "schedules," and the negative of these words and other similar expressions, as they relate to us or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the risk factors as described in this Document, some of which are beyond our control and may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing us which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our operations and business prospects;
- our ability to maintain relationships with, and the actions and developments affecting, our major customers and suppliers;
- future developments, trends and conditions in the industries and markets in which we operate or plan to operate;
- general economic, political and business conditions in the markets in which we operate;
- changes to the regulatory environment in the industries and markets in which we operate;
- our ability to maintain the market leading positions;
- the actions and developments of our competitors;
- our ability to effectively contain costs and optimize pricing;
- the ability of third parties to perform in accordance with contractual terms and specifications;
- our ability to retain senior management and key personnel and recruit qualified staff;

- our business strategies and plans to achieve these strategies, including our service and geographic expansion plans;

- our ability to defend our intellectual rights and protect confidentiality;

- the effectiveness of our quality control systems;

- change or volatility in interest rates, foreign exchange rates, equity prices, [**REDACTED**] volumes, commodity prices and overall market trends; including those pertaining to the PRC and the industry and markets in which we operate; and

- capital market developments.

By their nature, certain disclosures relating to these and other risks are only estimates and should one or more of these uncertainties or risks, among others, materialize, actual results may vary materially from those estimated, anticipated or projected, as well as from historical results. Specifically but without limitation, sales could decrease, costs could increase, capital costs could increase, capital investment could be delayed and anticipated improvements in performance might not be fully realized.

Subject to the requirements of applicable laws, rules and regulations, we do not have any and undertake no obligation to update or otherwise revise the forward-looking statements in this Document, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Document might not occur in the way we expect or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this Document are qualified by reference to the cautionary statements in this section as well as the risks and uncertainties discussed in the section headed "Risk Factors".

In this Document, statements of or references to our intentions or those of our Directors were made as of the date of this Document. Any such information may change in light of future developments.

An* [REDACTED] *in our H Shares involves a high degree of risk. You should carefully consider the following information about risks, together with the other information contained in this Document, including our consolidated financial statements and related notes, before you decide to* [REDACTED] *our H Shares. If any of the circumstances or events described below actually arises or occurs, our business, results of operations, financial condition and prospects would likely suffer. In any such case, the* [REDACTED] *of our H Shares could decline, and you may lose all or part of your* [REDACTED]. *This Document also contains forward-looking information that involves risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of many factors, including the risks described below.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

We have a limited operating history which may not be indicative of our future growth or financial results, and we may not be able to sustain our historical growth rates.

We were established in May 2022, and have achieved rapid growth since our inception. We generated revenue of nil, RMB58.3 million and RMB699.7 million in 2022, 2023 and the nine months ended September 30, 2024, respectively. However, our limited operating history may not be indicative of our future growth or financial results. There is no assurance that we will be able to maintain our historical growth rates in future periods. Our growth rates may decline for any number of possible reasons and some of them are beyond our control, including decreasing end user spending, increasing competition, changes in energy consumption trends, declining growth of the ESS industry, emergence of alternative business models, changes in government incentives and policies or changes in general economic conditions. We will continue to expand our distribution network and product and service offerings to increase our customer base while bring greater convenience to end users. However, the execution of our expansion plan is subject to uncertainty, and we may not grow at the rate we expect for the reasons stated above. If our growth rates decline, investors' perceptions of our business and prospects may be adversely affected and the [**REDACTED**] of our H Shares could decline.

If we are unable to successfully manage our rapid growth, our business and prospects may be materially and adversely affected.

As we continue to grow rapidly, we will continue to encounter challenges in implementing our managerial, operating and financial strategies to keep up with our growth. The major challenges in managing our business growth include, among other things:

- executing our strategies and business initiatives successfully;
- establishing or expanding design, manufacturing, sales and service facilities as well as service network;

- establishing or expanding our distributor and installer networks in existing and new markets;
- managing a larger organization with a growing number of employees;
- controlling expenses and investments in anticipation of expanded operations;
- implementing and enhancing administrative infrastructure, systems and processes;
- improving our operational, financial and management controls, compliance programs and reporting systems; and
- addressing new market and potentially unforeseen challenges as they arise.

If we fail to manage our growth effectively, our revenue may decline or fail to grow, our industry leadership position, our business, results of operations, financial condition and prospects may be adversely affected.

We recorded net losses and operating cash outflow during the Track Record Period, and there is no guarantee that we can maintain profitability in the future.

We have recorded net losses in past. We incurred net losses of RMB76.2 million, RMB373.5 million and RMB53.4 million in 2022, 2023 and the nine months ended September 30, 2024, respectively. We may not be able to maintain profitability in the future. Our revenues may not increase sufficiently to offset the increase in our expenses as we continuously develop our products and services, conduct marketing and sales activities to increase our brand awareness, hire additional personnel, broaden our customer base and expand overseas. Moreover, as a [**REDACTED**], we may incur certain legal, accounting and other expenses that we did not previously incur as a private company. These efforts may be more costly than we expect. We may continue to incur losses in the future, and we cannot assure you that we will eventually achieve profitability in a sustainable manner.

We also experienced significant cash outflows from operating activities. We recorded net cash used in operating activities of RMB36.1 million, RMB369.7 million and RMB200.0 million in 2022, 2023 and the nine months ended September 30, 2024, respectively. Although we had improved our cash position from 2023 to 2024, we cannot guarantee that we will continuously improve our cash position. If our cost of continuing operations increases in the future or our cash generated from operating activities does not meet our expectation, our operating cash position could worsen, and our business, results of operations, financial condition and prospects could be adversely affected because of the limited amount of cash available to meet the cash needs for operating our business and to fund our investments in our business expansion.

If our operating cash outflow position continues or worsens, we could record a net current liabilities position in the future, which would expose us to liquidity risk. Our future liquidity and ability to make additional capital investments necessary for our operations and business expansion will depend primarily on our ability to maintain sufficient cash generated from operating activities and to obtain adequate external financing. There can be no assurance that we will be able to renew existing bank facilities or obtain other sources of financing.

We rely on our distribution network to promote and sell our products and services and generate a vast majority of revenue from our distributors.

We rely on distributors to expand our sales and distribution network for sales of our products. As of the Latest Practicable Date, we engaged with 99 distributors in China and overseas. During the Track Record Period, substantially all of our revenue was generated through our expanding distribution network. See "Business — Sales and Distribution — Distributorship" for details. Given their revenue contribution, any decrease in sales from, or loss of, one or more of our distributors without a corresponding increase in sales from other distributors due to the changes of nature in the distributors' business models or for any other reasons would adversely affect our business, results of operations, financial condition and prospects.

In particular, our sales volumes would be influenced by the performance of our distributors in marketing our products. The effectiveness of our distributors in selling and distributing our products may be affected by a number of factors, many of which are out of our control, including:

- the availability of suitable distributors;
- the existence and availability of suitable regions and locations for expansion of our sales and distribution network;
- the ability to negotiate favorable cooperation terms with our distributors;
- our ability to maintain and expand our distribution network;
- our distributors' strategies in promoting our products;
- our distributors' own business and financial performance;
- our distributors' abilities to expand their customer base and penetrate into new markets with reduced risk of channel stuffing;
- our distributors' strategies to extend geographical coverage of our products;
- our ability to effectively manage the number of distributors in each geographical market to reduce risk of cannibalization;

- our distributors' willingness to adhere to our recommended retail pricing guidelines; and

- our distributors' willingness to maintain relationships with us.

We are also exposed to the risk that distributors may seek to impose unfavorable terms on us in the future, such as longer credit periods. Credit arrangement with our distributors adds pressure on our working capital and exposes us to the risks of default and bad debts. Any disruption in our relationships with our distributors could affect our ability to maintain and grow our sales volume, which could materially and adversely affect our business, results of operations and financial position. We cannot give assurance that we will be able to grow our sales and distribution network effectively. If we encounter difficulties in maintaining, expanding or optimizing our sales and distribution network, our growth prospects may be limited, which could in turn adversely affected our business, financial condition, results of operations and prospects.

Furthermore, we allow our distributors to engage sub-distributors, predominantly installers, within their designated sales territories to assist in the marketing and sales of our products to end users, and to organize events to directly promote our products. Although we do not have a direct contractual relationship with installers, we have taken steps to ensure that they meet our high service standards, and our sales team maintains frequent contact with installers, engaging in site visits, regular meetings and ongoing monitoring of our installers' performance and requirements. Nevertheless, there can be no assurance that the sub-distributors will comply with our standards and requirements. In the event that any sub-distributor conducts any wrongdoing or fails to provide satisfactory services to end users, our brand reputation and business may be adversely affected. See "Business — Sales and Distribution — Distributorship — Robust Distributor Network Management" for additional information.

Technologies relating to ESS solutions are rapidly evolving. If we cannot keep up with the latest development, our business, results of operations, financial condition and prospects may be materially and adversely affected.

The ESS industry is subject to rapid technological changes and is evolving quickly in terms of technological innovation. Our technological capabilities and development of products and services are critical to our success. As the industry landscape evolves, we need to upgrade our technologies, products and services frequently to ensure compatibility with the latest trends.

We need to keep investing resources, including financial and human resources, in research and development to lead technological advances in order to make our products and services competitive in the market. Our research and development expenses were RMB26.2 million, RMB193.0 million and RMB197.6 million in 2022, 2023 and the nine months ended September 30, 2024, respectively. We expect to continue to incur significant research and development expenses in the foreseeable future as part of our efforts to design, develop, and market new solutions and enhance products and services. For details, see "Business — Our Growth Strategies — Continue to Invest in Technology Innovation to Broaden Product Portfolio and Use Cases". However, our capital and operating expenditure invested in research and development may not yield the expected results. New technologies in our industry could render our technologies or our solutions obsolete or unattractive, thereby limiting our ability to recover related development costs, which could result in a decline in our revenues, profitability, and market share. If we are unable to keep up with the technological advancement, we may suffer a decline in our competitive position.

Moreover, we may not always be accurate in predicting industry trends that may emerge and affect our business. [**REDACTED**] should comprehensively consider our business and prospects in light of the risks and challenges we face in our industry, including our ability to continuously drive technical advancement, effectively manage our supply chain, enhance and maintain operational efficiency, and effectively manage our growth in the face of the ever-changing regulatory environment and adapting to changing market conditions, including rapid technological developments and changes in the competitive landscape. If we fail to address any of the aforesaid risks and challenges, our business, financial condition and results of operations could be materially and adversely affected.

Our future growth and success are dependent upon the continued acceptance and adoption of ESS solutions.

Our future growth is dependent upon the continued acceptance and adoption of ESS solutions by our end users, which primarily consist of households and enterprises. The market for ESS solutions is still rapidly evolving, characterized by rapidly evolving technologies, competitive pricing, evolving industry standards and changing end user demands and behaviors, changing levels of concern related to environmental issues, and governmental initiatives related to climate change and the environment generally. Although the demand for ESS solutions has grown in recent years, there is no guarantee of continuing growth for future demand. Demand for ESS solutions is volatile, being affected by numerous factors, such as:

- perceptions about the features, quality, safety, performance and cost of ESS solutions, especially if adverse events or accidents occur that are linked to the quality or safety of ESS solutions;

- status of government regulations, polices and economic incentives related to new energy industries, including renewable energy sources such as solar energy and EVs, and policies related to clean energy, climate change and de-carbonization generally;

- end users' demand for the downstream uses and technologies of ESS solutions;

- concerns regarding the stability of the electrical grid and centralized power stations;

- development of battery cell technologies, including the potential decline of battery's ability to hold a charge over time;

- end users' environmental consciousness;
- conditions in the energy industry in general; and
- macroeconomic factors.

Globally, there have been fluctuations in terms of year-over-year growth in sales volume recently for ESS solutions. It cannot be predicted how the demand for ESS solutions will develop in the future. General economic factors, such as decrease in household income or economic growth in the countries where we conduct business, may adversely affect such demand. Certain ESS companies operating in China and overseas markets have suffered declining performance or financial difficulties as a result of the market slowdown. If the ESS market evolves at a slower pace than anticipated, or if there is a decline in the demand for ESS solutions, or energy consumption behaviors do not align with our expectations, the demand for ESS solutions, including ours, will be affected. As a result, our business, results of operations, financial condition and prospects would be harmed.

We face competition as the ESS market develops and evolves, and failure to compete effectively, launch new products and services, or successfully enter into new business initiatives may materially and adversely affect our market share and profitability.

The ESS industry is developing rapidly, and the competition landscape is constantly evolving. This results in the frequent introduction of new products and price competition from our competitors in the ESS industry. For example, influenced by factors such as declines in subsidies for downstream ESS applications and an increasing number of regions reaching grid parity, the cost of PV, energy storage and overall market prices for products such as inverters have experienced continual downwards pressure, while we face increased competition from other industry players. Certain current or potential competitors, particularly those with greater resources or market leadership, may leverage their influence to gain competitive advantages. These competitors may attract or discourage our customers or suppliers from working with us through indirect strategies, such as offering preferential terms or exclusive arrangements. Additionally, their superior financial resources, advanced technologies, and strategic partnerships may allow them to develop or acquire more competitive products and services, better target specific market segments, and exert pricing pressure. Such dynamics could place us at a significant disadvantage, hindering our ability to compete effectively, maintain relationships, and achieve our financial and operational goals. As a result, our customers and end-users may choose to not work with us or use our products or services unless our products and services are significantly better than the products developed by competitors or that we offer our products and services at more competitive prices. If our competitors could provide similar products and services with similar quality, convenience and price as we do, we may have to lower prices for our products and services, all of which could lead to reduced revenues and profitability.

To achieve effective competition in the ESS industry, we need to continuously develop new products and refine existing products. The development and launch of new products involve complex efforts and there may be uncertainties at various stages before a product is launched. Any delay in the financing, design, production and eventually the launch of our new products could materially damage our competitiveness. To the extent that we delay the launch of our new products, our growth prospects could be adversely affected as we may fail to compete with our peers, keep up with competing products, or grow our market share. Due to the uncertainty in the market window for the new products, any delay in launch of new products may result in the obsolescence of such products and our investments in developing such products may become sunk costs, which will materially and adversely affect our business, financial position and results of operations. Furthermore, if we are unable to maintain our competitiveness through continuous product and technological innovations, or if our existing products or new product launches are unable to maintain profitability, our gross margins may be materially and adversely affected.

Furthermore, we are expanding our offerings to address the diverse needs of our end users across different application scenarios, such as residential, commercial and industrial, and utility-scale scenarios. However, we cannot assure you that we will be successful in pursuing new business initiatives. Such expansions involve inherent risks and challenges. Our limited familiarity with new business initiatives may hinder our ability to adapt to evolving end-user demands and preferences effectively. In addition, existing market leaders in these areas may possess competitive advantages, including greater experience, deeper industry insights and stronger brand recognition, enabling them to compete more effectively against us. Moreover, entering into new business initiatives could subject us to additional regulatory requirements, potentially increasing compliance risks and operational burdens. Our expansion efforts may also place significant strain on our management and resources If we are unable to navigate these challenges successfully, our business, financial condition, and growth prospects could be materially and adversely affected.

Our future success and growth potential are dependent on our ability to effectively manage our production capacity.

We mass produce our key products or product components, primarily including inverters and battery packs, at our manufacturing facilities located in the Lin-gang New Area in Shanghai and Nantong, Jiangsu. We have been expanding our production capacity to meet the increasing demand for our products and services. As of the Latest Practicable Date, we have commenced expansion work at our Lin-gang manufacturing center and Nantong temporary production base. See "Business — Planned Production Capacity Expansion" for more details. There is no assurance that such expansion plan will be successfully implemented in a timely manner or will be commercially successful. Our production capacity expansion plan is also subject to interruptions caused by risks commonly associated with large construction and expansion projects, such as adverse weather conditions, natural disasters, accidents and unforeseen circumstances and problems, and other factors beyond our control. If we fail to achieve the planned production capacity expansion on time, we may not address the growing customer demand, which may result in an adverse impact on our reputation, results of operations, business prospects and financial conditions.

On the other hand, China's ESS industry risks overcapacity if demand from sectors like EV battery and ESS companies fails to match the rapid expansion of production, driven by factors beyond our control, such as macroeconomic conditions and shifts in energy consumption. There is no guarantee that we will avoid structural overcapacity. This could lead to heightened competition, and we may not be able to outperform competitors. As a result, our capacity utilization may decline, production costs could rise significantly, and our business, results of operations and financial conditions may be materially and adversely impacted.

In addition, expanding our production capacity is costly. Our ability to obtain sufficient capital to fund our production capacity expansion is subject to a number of uncertainties, including those relating to our future business development, financial condition and results of operations, general market conditions for financing activities by companies in our industry, and macro-economic and other conditions in China and globally. If we cannot obtain sufficient capital on acceptable terms to meet our needs, we may not be able to execute our growth strategies, and our business, financial condition and prospects may be materially and adversely affected.

Furthermore, our fixed costs will increase as a result of our production capacity expansion. We may not be able to sell our products at such quantities and/or prices with commercially acceptable margins and our production facilities may be underutilized. If we are unable to sell our additional products on a commercially acceptable basis and/or our production facilities are underutilized, our business, financial condition, results of our operations and prospects would be materially and adversely affected.

If our products and services do not meet customer expectations in terms of quality, availability and user experience, or if we otherwise fail to increase sales of our products and services to our customers and expand our customer base, our business, results of operations, financial condition and prospects may be adversely affected.

We may fail to provide quality products and services if we fail to continue to innovate on product design, maintain a widespread service network, handle customer complaints properly or offer appropriate after-sale services, or if there are technical errors or other incidents affecting our solutions, among others. If we do not quickly resolve such issues, our ability to retain customers or sell additional products and services to existing customers could suffer, and our brand and reputation could be harmed, which in turn could adversely affect our business, results of operations, financial condition and prospects. Moreover, we believe ESS solutions are highly scenario-specific, and our ability to offer functions that tailor to different energy storage, charging and management needs are highly critical to our ability to attract and retain customers. If we cannot offer functions that cater to end users' evolving demand, or our competitors are better at addressing these requirements, we may lose our customers and our business, results of operations, financial condition and prospects may be adversely affected. In addition to failing to provide satisfactory products and services to end users, we may not be able to maintain our relationship with them for various other reasons and factors, which include, but not limited to, our customers' own business model and the change thereof, the availability of comparable solutions from competitors at a lower cost, and any macroeconomic factors. Any adverse development in these respects may adversely affect our customer base, and in turn affect our business, results of operations, financial condition and prospects.

Our ability to achieve broader market acceptance, increase revenue and market share, and achieve and sustain profitability will depend, to a significant extent, on our ability to effectively increase sales of our products and services to our customers and expand our distribution and installer network and end user base. Selling and distribution expenses represent a significant percentage of our total revenue. In 2022, 2023, and the nine months ended September 30, 2024, our sales and marketing expenses amounted to RMB0.7 million, RMB53.4 million and RMB104.7 million, respectively. Our operating results will suffer if sales and marketing expenditures do not contribute significantly to increasing revenue as we anticipate. Additionally, our brand promotion and marketing activities may not be well received by our customers and may not result in the levels of sales that we anticipate. If we fail to conduct our sales and marketing activities in a cost-effective way, we may incur considerable marketing expenses, which could adversely affect our business, results of operations, financial condition and prospects. We may need to enhance our marketing approaches and experiment with new marketing methods to keep pace with industry developments and customer preferences. Failure to introduce new marketing approaches in a cost-effective manner and to retain existing customers or attract new ones to our products and services could reduce our market share and materially and adversely affect our business, results of operations, financial condition and prospects.

Increases in costs or shortages of raw materials could have an adverse impact on our sales of products, and therefore adversely affect our business, results of operations, financial condition and prospects.

The cost and mass production of our products depends upon the prices and availability of raw materials, which have a significant impact on our cost of sales. In 2022, 2023 and the nine months ended September 30, 2024, material costs accounted for nil, 67.8% and 80.6% of our cost of sales, respectively. See "Financial Information — Major Factors Affecting Our Results of Operations — Fluctuation in Raw Material Prices" for more details. The prices of raw materials used in key components of our products, such as the cost of raw materials used in our lithium-ion ESS battery cells, have a significant impact on our results of operations. For example, according to Frost & Sullivan, in 2021 and 2022, the rising price of such raw materials caused a corresponding increase in the price of ESS battery cells, from 0.7 RMB/Wh to 0.8 RMB/Wh. In 2023, the decline in raw material costs and intense competition within China's ESS battery industry led the price of ESS battery cells to decline sharply in 2023 to 0.5 RMB/Wh. The prices for these materials fluctuate and their available supply may be unstable, depending on market conditions and global demand for these materials. For example, if there is an increase in the global production of energy storage products, suppliers of these raw materials may be unable to meet our volume needs. Additionally, our suppliers may not be willing or able to reliably meet our timelines or our cost and quality needs, which may require us to replace them with other sources. Any reduced availability of these materials may impact our access to battery cells and our growth, and any increases in their prices may reduce our profitability if we cannot recoup such costs through increased prices. Moreover, our inability to meet demand and any product price increases may harm our brand, growth, prospects and operating results.

In addition, as we continue to expand our scale, we have in the past experienced and may experience in the future shortages of certain raw materials or other bottlenecks in our supply chain. We are exposed to multiple risks relating to raw materials, including but not limited to an increase in the cost, or decrease in the available supply, of materials used in our production; disruption in the supply of raw materials due to delays in shipment, quality issues or recalls by suppliers; and the inability or unwillingness of our current suppliers to manufacture such raw materials required to support the growth of the ESS industry as demand increases.

Furthermore, changes in economic conditions may result in significant increases in freight charges and material costs. Substantial increases in the prices for our raw materials would increase our operating costs and could reduce our margins if we cannot recoup the increased costs through increasing product prices. Any attempts to increase product prices in response to increased material costs could result in decrease in sales and therefore adversely affect our brand, and our business, results of operations, financial condition and prospects. In addition, we may experience disruptions in our manufacturing facilities due to factors such as equipment failures, labor shortages, or natural disasters, which may delay our production and delivery, leading to sales loss, increased costs, and damaged customer relationships.

Our business, results of operations, financial condition and prospects could be adversely affected if we are unable to adequately manage our inventory.

Our inventories consist primarily of raw materials, work in progress and finished goods. As of December 31, 2022 and 2023, and the nine months ended September 30, 2024, we had inventories of RMB1.5 million, RMB189.5 million and RMB424.0 million, respectively.

We assess impairment to inventories at each period during the Track Record Period and may make provision to write down our inventories to the net realizable value if they become obsolete, out-of-season or are damaged or their prices decrease, and their net realizable value is lower than the costs. In 2022, 2023 and the nine months ended September 30, 2024, we recognized inventory provision of nil, nil and RMB0.9 million, respectively. However, we cannot assure you that we will not experience material write-offs in the future. Furthermore, during the Track Record Period, we have experienced fluctuations in our inventory turnover days. The fluctuation and extension of inventory turnover may have a material and adverse effect on our cash flow and liquidity position. It is crucial that we monitor these metrics closely to ensure the financial health of our organization. See "Financial Information — Discussion of Certain Key Items from Our Consolidated Statements of Financial Position — Inventories" for details.

In addition, it may be difficult to accurately forecast demand and determine appropriate levels of inventory we should maintain. Any change in end user demand for our products or the occurrences of catastrophic events may have an adverse impact on our product sales, which may in turn lead to decline in inventory value or inventory write-off. In the case of overestimation of customer demand, we may be subject to overstock, resale of the inventories at less favorable terms, or even write-downs of inventories. In addition, if we are required to lower sale prices to boost demand for our product sales to reduce inventory level, our profit margins might be negatively affected. In the case of underestimation of customer demand, we may not be able to fulfill all the orders we receive to maximize our revenue. Any of the above may adversely affect our business, results of operations, financial condition and prospects.

Our international operations and expansion will expose us to additional tax, compliance, market and other risks and there can be no assurance that any such expansion will be successful.

We have expanded and plan to continue to expand our operations across international markets. Our operations in international markets are expected to expose us to various risks, including but not limited to those arising from:

- operating our business across a significant distance, in different languages and among different cultures;
- differing demand dynamics for our products and services;
- competition with local competitors which may have greater resources and more favorable market positions;
- establishing relationships with local distributors, regulators and commercial partners;
- building manufacturing facilities in overseas markets;
- establishing distribution, installer and service networks in overseas markets;
- compliance with applicable laws and regulations, including laws and regulations with respect to privacy, intellectual property, data protection, consumer protection, anti-corruption, taxation, trade barriers and economic sanctions, and the risk of penalties if our practice is deemed to be noncompliant;
- obtaining required government approvals, licenses or other authorizations;
- varying levels of internet adoption and infrastructure;
- foreign exchange controls and exchange rate fluctuations;
- public health emergencies and containment measures;
- potentially adverse tax consequences, including those arising from relevant tax authorities' different views on our intragroup transactions, which we believe are conducted on an arm's length basis;
- higher costs of doing business internationally, including increased accounting, travel, infrastructure, and legal compliance costs;
- the effectiveness of training, motivation and management of our employees;

- the diversity of customers preferences and demand and our ability to anticipate or respond to such preferences and demand;

- changes in the political and economic environments in the countries where we operate, and the imposition of new duties or other protectionist measures; and

- the occurrence of acts of terrorism or similar events, conflicts, civil unrest or situations of political instability.

These or other factors may deter our international expansion plans, distract our management attention, or cause us to incur significant costs in these markets, which could have an adverse effect on our business, results of operations, financial condition and prospects.

Changes to trade policy, tariffs, and import/export regulations may adversely affect our business, results of operations, financial condition and prospects.

Changes in global political, regulatory and economic conditions, or in laws and policies governing foreign trade, manufacturing, development, and investment in the territories or countries where we currently purchase materials, seek to offer our products and services, or conduct our business, could adversely affect our business, results of operations, financial condition and prospects. For example, the first U.S. administration under President Donald J. Trump advocated greater restrictions on international trade generally and significant increases on tariffs on certain goods imported into the U.S., particularly from China, and had taken steps toward restricting trade in certain goods. For example, in 2018, the United States announced three finalized tariffs that applied exclusively to products imported from China, totaling approximately US$250 billion, and in May 2019, the U.S. increased the rate of certain tariffs previously levied on Chinese products from 10% to 25%. More recently, in February 2025, the second U.S. administration under President Donald J. Trump imposed an additional 10% tariff on all goods imported from China, while the PRC government announced that it would implement a 15% tariff on coal and liquefied natural gas products as well as a 10% tariff on crude oil, agricultural machinery and large-engine cars imported from the U.S. A number of other nations have proposed or instituted similar measures directed at trade with the United States in response. In addition, additional sanctions or comparable trade barriers as regards China are under discussion by other jurisdictions, such as the European Union. As a result of these developments, there may be greater restrictions and economic disincentives on international trade that could adversely affect our business. It may be time consuming and expensive for us to alter our business operations to adapt to or comply with any such changes, and any failure to do so could have a material adverse effect on our business, financial condition and results of operations.

As we expand our operations across international markets, we may become subject to various restrictions under applicable export control laws and regulations. Changes in our offerings, technologies, or changes in export and import laws, may delay the introduction and growth of our business in international markets, prevent our customers from using our products and services or, in some cases, prevent the access or use of our products and services to and from certain countries, governments, persons, or entities altogether. Further, any change in export or import regulations or related laws, shift in the enforcement or scope of existing regulations, or change in the countries, governments, persons, or technology targeted by such regulations could result in decreased use of our products and services or in our decreased ability to export or sell our products and services to existing or potential customers with international operations. Any decreased use of our products and services or limitation on our ability to export or sell our products and services would likely harm our business, results of operations, financial condition and prospects.

Maintaining the trusted brand image of our products and services is critical to our success, and any failure to do so could severely damage our reputation and brand, which would have a material adverse effect on our business, results of operations, financial condition and prospects.

We believe that maintaining and enhancing our reputation and brand recognition is critical to our relationships with our customers, distributors, installers, other participants across the ESS industry and end users of our products and services. Any loss of trust in our products and services could harm the value of our brand, which could reduce our revenue and profitability. Our ability to maintain our position as a trusted brand for ESS solutions is based in large part upon the high quality of our products and services, end users' satisfaction with our products and services, and the increasing brand awareness through marketing and brand promotion activities. Any public perception that our products and services are defective or otherwise unsatisfactory, even if factually incorrect or based on isolated incidents, could damage our reputation, diminish the value of our brand, undermine the trust and credibility we have established and have a negative impact on our ability to attract new users or retain our current users. If we are unable to maintain our reputation, enhance our brand recognition or increase positive awareness of our products and services, it may be difficult to maintain and grow our customer base, and our business and growth prospects may be materially and adversely affected.

We cannot guarantee that our business initiatives and strategies will be successfully implemented or will generate sustainable revenue or profit.

We are committed to making our products and services more global and more intelligent. The success of our growth initiatives, strategies and operating plans depends on various factors, such as market conditions, competition, regulatory requirements, technological changes, economic conditions and end user preferences. These factors may be difficult to predict or control, and if they do not develop as we expect, our growth initiatives, strategies and operating plans may not be successful in enhancing our business as anticipated. Furthermore, the execution of these plans may require significant investments of capital, resources and management time, and we may face challenges in implementing them effectively or within the expected time frame. As a result, we may experience delays, cost overruns or other obstacles that may limit our ability to realize the full benefits of these initiatives. If we are unable to successfully execute our growth initiatives, strategies and operating plans, or if the benefits we realize are less than our estimates, our business, results of operations, financial condition and prospects may be adversely affected.

The ESS market in China and overseas markets have benefited from the availability of rebates, tax credits and other incentives from governments relating to green energy and new energy technologies, and any reduction, modification, or elimination of such benefits could cause reduced demand for our products and services, which would adversely affect our financial results and business operations.

Government and economic incentives in China and abroad that support green and new energy technologies, such as solar power and EVs, which are part of the ESS ecosystem, may be reduced, eliminated, amended, or exhausted. For example, on November 15, 2024, China's Ministry of Finance and General Administration of Taxation reduced the export tax rebate rate for certain photovoltaic products and batteries from 13% to 9%, which could adversely impact our pricing strategies and profitability. Any reduction or removal of such support could negatively impact the growth of the ESS market, along with our business, results of operations, financial condition and prospects. We recorded government grants of nil, RMB0.3 million and RMB0.6 million in 2022, 2023 and the nine months ended September 30, 2024, respectively.

Furthermore, some of our PRC subsidiaries are eligible for preferential EIT rates. Continued eligibility for preferential tax treatment and government grants is subject to recognition and evaluation by the relevant government authorities in China. We cannot assure you that we will continue to receive such preferential tax treatment and government grants at historical levels, or at all. We are also subject to risks of uncertainties in tax treatment, such as development in tax laws and regulations or practices of local tax authorities in the countries, regions or municipalities where we have operations. Such changes or uncertainties in tax treatment or government grants may adversely affect our results of operations and financial performance.

We may not be successful in our artificial intelligence initiatives, which could adversely affect our business, reputation, or financial results.

We are incorporating AI into various parts of our products or services. For instance, we use advanced AI technology to empower our *mySigen* App, which can help users achieve maximum savings by automatically accessing system operation, dynamic tariff, and weather data. As with most emerging technologies, AI comes with its own set of risks and challenges that could affect its adoption and our business. AI algorithms may be flawed, and the data used could be incomplete or biased. Inappropriate or controversial data practices, by us or by others, could limit the acceptance of our AI-enhanced products and services. In addition, there are significant risks involved in developing and deploying AI, and there can be no assurance that the usage of AI will enhance our products or services or be beneficial to our business, including our efficiency or profitability. It is also uncertain how various laws related to online services, intermediary liability, and other issues will apply to content generated by AI. In addition, we are subject to the risks of new or enhanced governmental or regulatory scrutiny, litigation, or other legal liability, ethical concerns, negative consumer perceptions as to automation and AI, activities that threaten people's safety or well-being on- or offline, or other complications that could adversely affect our business, reputation, or financial results.

Our international service network relies on third-party service providers to deliver high-standard performance, and we may not be able to manage the expansion of such service network efficiently.

We rely on third-party service providers to deliver high-standard performance including installation and after-sales services in China and overseas. We may not be able to identify, attract and retain sufficient service providers with the requisite experience and resources to provide service that meet our quality standard. Our service providers may face various challenges during service provision, including but not limited to technical issues, management problems, and poor customer service quality. Although we implement service standards and quality control measures, we may not have effective control over the operations of the service providers. Despite our efforts in quality control, we cannot assure you that our service providers consistently provide such quality services. Any failure of our installation and after-sales service providers to provide high-standard performance may adversely affect our reputation, and in turn adversely affect our business, results of operations, financial condition and prospects.

As of the Latest Practicable Date, we had over 5,600 registered installers covering over 60 countries and regions globally. We plan to further expand our service network in overseas markets through collaboration with local service providers. The expansion may not have the desired effect of increasing sales and enhancing our brand recognition in a cost-efficient manner. We may need to invest significant capital and management resources to manage existing installation and after-sales service providers and enter into collaboration with new ones, and there can be no assurance that we will be able to improve the operational efficiency of our installation and after-sales service network.

Our provisions for warranties may be insufficient to cover future warranty claims, which could adversely affect our business, results of operations, financial condition and prospects.

Subject to local laws and regulations, as well as market conditions across different jurisdictions where we operate our business, we generally provide a warranty period of 5 to 10 years for our battery packs, energy controllers and inverters, and 2 to 3 years for our other products. We accrue provisions for warranties for products still under warranty period at the end of each reporting period, which includes our best estimate of the projected costs to repair or replace items that fail to perform satisfactorily under warranties. The amount of provisions for warranties is estimated based on the sales volume and industry experience of the level of repairs and returns. The estimation is reviewed on an ongoing basis and is revised when appropriate. We have limited experience with warranty claims regarding our products or with estimating provisions for warranties. In 2022, 2023 and the nine months ended September 30, 2024, we recorded provisions for warranties of nil, RMB1.2 million and RMB14.1 million, respectively. We cannot assure you that such provisions will be sufficient to cover future claims. We could, in the future, become subject to significant and unexpected warranty claims, resulting in significant expenses, which would in turn materially and adversely affect our business, results of operations, financial condition and prospects.

We may not have adequate insurance to cover losses and liabilities arising from various operational risks and hazards. Specifically, we may be involved in product liability claims, and our product liability insurance may not be sufficient to cover potential liability from product liability claims.

Our business is subject to a variety of operational risks, including but not limited to production disruptions due to operational errors, power outages, equipment failures and suspension due to other risks; operational restrictions imposed by environmental or other regulatory requirements; social, political and labor unrest, environmental or industrial accidents, and catastrophic incidents such as fires, earthquakes, explosions, floods or other natural disasters. As we continually expand our operations in overseas markets in the future, we may be exposed to risks related to geopolitical tensions, policy changes and intellectual property and technology protection. These aforementioned risks may result in, among others, damage to or destruction of production facilities, personal injury or casualties, environmental damage, monetary loss, and legal liability. The occurrence of any of these events may result in disruption of our operations and cause us to suffer substantial losses or incur significant liabilities. During the Track Record Period, we maintain product liability insurance, property insurance and employee insurance for our business operations. There is no assurance that our insurance will be adequate to cover our exposure to the foregoing risks. If we incur material losses or liabilities, and insurance is not adequate to cover such losses or liabilities, our business, financial condition and results of operations may be materially and adversely affected.

In particular, designing, manufacturing and sales of quality products that are safe and reliable is of vital importance to our business. However, we may be subject to lawsuits relating to product liability claims, product recalls, or redesign efforts, all of which may be time consuming and expensive. Our product liability insurance may not be sufficient to cover potential liability claims. Inability to obtain sufficient insurance coverage at an acceptable cost or otherwise to efficiently protect against potential product recalls and product liability claims could prevent or inhibit the commercialization of our products or could result in a loss of customers and decrease in revenue, unexpected expenses and a loss of market share. If any of our products are found to have safety, reliability or quality issues, we may be required to accept returns, provide replacements, provide refunds, or pay damages. We cannot assure you that as we continue distribution of our products, we will be able to obtain or maintain adequate insurance coverage on acceptable terms, or that such insurance will provide adequate coverage against all potential claims. In the event that our exposure to liabilities exceeds the coverage of our insurance, we may still be required to incur substantial amounts, which would materially and adversely affect our business, financial condition and results of operations.

We are subject to governmental economic sanctions laws that could subject us to liability.

We are subject to various economic and trade sanctions laws in different jurisdictions. For example, U.S. economic sanctions prohibit the provision of products and services to countries, governments, and persons targeted by U.S. sanctions. United Kingdom financial sanctions and European Union sanctions also have similar regime to prohibit the provision of products and services to countries, governments and persons on their respective target list.

While we believe that we have been, and that we continue to be, in compliance with applicable governmental economic sanctions laws, our failure to employ appropriate safeguards with respect to customers located in countries that are targets of governmental economic sanctions may result in a violation of such laws and regulations. Non-compliance with applicable governmental economic sanctions laws could subject us to adverse media coverage, investigations, severe administrative, civil and possibly criminal sanctions, and expenses related to remedial measures and legal expenses, which could materially and adversely affect our reputation, business, financial condition, results of operations and prospects. In addition, any Chinese companies or individuals targeted under U.S. economic sanctions may lose access to the U.S. markets and the U.S. financial system, including the ability to use U.S. dollars to conduct transactions, settle payments or to maintain correspondent accounts with U.S. financial institutions, U.S. entities and individuals may not be permitted to do business with sanctioned companies and persons, and international banks and other companies may as a matter of law and/or policy decide not to engage in transactions with such company or person.

Our services are subject to safety risks, and any accidents that occur during the performance of our services may expose us to civil, labor, environmental and criminal liabilities and adversely affect our business, results of operations, financial condition and prospects.

The provision of our product installation and after-sales services to our end users involves operational risks such as equipment defects or malfunctions and misconduct by third-party installation and after-sales service providers. The professionals of these installation and after-sales service providers may work in potentially dangerous conditions, which exposes us to potential liability, in line with applicable occupational safety standards, for personal injury and other accidents, business interruptions and the damage or destruction of property. During the Track Record Period and up to the Latest Practicable Date, there were no material accidents and personal injuries in our operations. However, the safety protocols and training adopted by these installation and after-sales service providers may not be adequate to prepare the professionals to perform the necessary activities during the provision of service without causing damage or accidents.

Without any contractual arrangements in place, these service providers typically assume all safety responsibilities and risks during the installation process for any personal and property damages in relation to the installation of our products. The insurance policies (if any) that these service providers may not be adequate to cover all of the potential liability if there were safety accidents during the installation process. Furthermore, we cannot guarantee that we will not become entangled in legal proceedings in relation to personal and property damages in relation to the installation of our products. In addition, any accidents involving our products and services can cause our reputation to be questioned and subject us to the filing of lawsuits and administrative proceedings and launch of regulatory investigations against us, with possible imposition of fines or other penalties. Further, a major safety accident, even if we are not at fault, may bring enhanced scrutiny and regulation of our business, with a corresponding increase in operating expense. Any accidents that occur during the performance of our services may damage our reputation and result in significant costs and, consequently, adversely affect our business, results of operations, financial condition and prospects.

We depend on the information systems of our own and those of third parties for the effective delivery and performance of our products and services, and the overall effective and efficient functioning of our business. Failure to maintain or protect our information systems and data integrity effectively could adversely affect our business, results of operations, financial condition and prospects.

We depend on our information systems for the effective and efficient functioning of our business, as well as for accounting, data storage, compliance, purchasing and inventory management. Our and our business partners' information systems may be subject to computer viruses, ransomware or other malware, attacks by computer hackers, failures during the process of upgrading or replacing software, databases or components thereof, damage or interruption from fires or other natural disasters, hardware failures, telecommunication failures and user errors, among other malfunctions and other cyber-attacks. We and our business partners could be subject to an unintentional event that involves a third-party gaining unauthorized access to our systems, which could disrupt our operations, corrupt our data or result in release of confidential information. Any attempts by cyber attackers to disrupt our or our business partners' services or systems, if successful, could harm our business, introduce liability to data subjects, result in the misappropriation of funds, be expensive to remedy, subject us to substantial fines, penalties, damages and other liabilities under applicable laws and regulations, lead to a loss of protection of our intellectual property or trade secrets and damage our reputation. Additionally, theft of our intellectual property or proprietary business information could require substantial expenditures to remedy and even then, may not be able to be remedied in full. We may have been and going forward will continue to be the target of events of this nature as cybersecurity threats have been rapidly evolving in sophistication and becoming more prevalent in the industry. Third parties upon whom we rely or with whom we have business relationships, including our customers, collaborators, suppliers, and others are subject to similar risks that could potentially have an adverse effect on our business.

In the event we or our business partners experience significant disruptions, we may, despite having developed emergency plans for security incidents, be unable to repair such systems in an efficient and timely manner. Accordingly, such events may disrupt or reduce the efficiency of our entire operation and harm our business, results of operations, financial condition and prospects. Insurance may not be sufficient to cover significant expenses and losses related to cyber-attacks. Our information systems require an ongoing commitment of significant resources to maintain, protect and enhance. Efforts to prevent cyber attackers from entering computer systems are expensive to implement, and we may not be able to cause the implementation or enforcement of such preventions with respect to our third-party vendors. Though it is difficult to determine what, if any, harm may directly result from any specific interruption or attack, any failure to maintain performance, reliability, security and availability of systems and technical infrastructure may, in addition to other losses, harm our reputation, brand and ability to attract customers.

If our services are unavailable due to information system errors when our customers and end users attempt to access them, they may seek other services, which could reduce demand for our service and offerings. Processes and procedures designed to enable quick recovery from a disaster or catastrophe and continued business operations and with tested capability under controlled circumstances, are in place. However, there are several factors ranging from human error to data corruption that could materially impact the efficacy of such processes and procedures, including by lengthening the time services are partially or fully unavailable to customers and users. It may be difficult or impossible to perform some or all recovery steps and continue normal business operations due to the nature of a particular disaster or catastrophe, especially during peak periods, which could cause additional reputational damages, or loss of revenue, any of which could adversely affect our business, results of operations, financial condition and prospects.

Our products could have undetected defects, errors or bugs in hardware or software, which could reduce market adoption, damage our reputation with current or prospective customers and third parties, and expose us to legal claims that could adversely affect our business, results of operations, financial condition and prospects.

We may be subject to claims that our products have malfunctioned, and persons were injured or purported to be injured due to latent defects. Any insurance that we carry may not be sufficient or it may not apply to all situations. Similarly, to the extent that such malfunctions are related to components or services obtained from third-party vendors, such vendors may not assume responsibility for such malfunctions. Any of these events could adversely affect user experience. As a result, our brand and reputation could be adversely affected, which could in turn adversely affect our business, results of operations, financial condition and prospects.

Our IT infrastructure is intricate and may contain latent defects or errors that may be difficult to detect and remediate. Our *mySigen* App may not operate smoothly at all times. For example, it could encounter failure of or delay in its real-time energy monitoring, and its AI-enhanced features may produce inaccurate results. Additionally, mySigen App may encounter compatibility issues across various mobile operating systems. We are continuing to evolve the features and functionality of our mySigen App through updates and enhancements, and as we do so, we may inadvertently introduce additional defects or errors that may not be detected until after deployment to end users. In addition, if our services, including any updates or patches, are not implemented or used correctly or as intended, inadequate performance and disruptions in service may result.

Any defects or errors in our products and services, or the perception of such defects or errors, or other performance problems could result in any of the following, each of which could adversely affect our business, results of operations, financial condition and prospects:

- expenditure of significant financial and product development resources, including recalls, in efforts to analyze, correct, eliminate or work around errors or defects;
- loss of existing or potential customers, distributors, installers, other business partners or end users;
- interruptions or delays in sales;
- delayed or lost revenue;
- delay or failure to attain market acceptance;
- delay in the development or release of new functionality or improvements;
- negative publicity and reputational harm;
- sales credits or refunds;
- exposure of confidential or proprietary information;
- diversion of development and customer service resources;
- breach of warranty claims;
- legal claims under applicable laws, rules and regulations; and
- the expense and risk of litigation.

We also face the risk that any contractual protections we seek to include in our agreements with customers, distributors, installers, other business partners or end users are rejected, not implemented uniformly or may not fully or effectively protect us from claims by such counterparties. In addition, any insurance coverage or indemnification obligations of suppliers or other upstream parties for our benefit may not adequately cover all such claims or cover only a portion of such claims. A successful product liability, warranty, or other similar claims could have an adverse effect on our business, results of operations, financial condition and prospects. In addition, even claims that ultimately are unsuccessful could result in expenditure of funds in litigation, divert management's time and other resources and cause reputational harm.

A limited number of customers accounted for a substantial portion of our revenue during the Track Record Period, and any decrease or loss of business with any of them and failure to obtain new customers could significantly reduce our revenue and harm our results of operations.

In 2022, 2023, and the nine months ended September 30, 2024, the aggregate revenue generated from our five largest customers, who were our distributors, was nil, RMB42.3 million and RMB300.7 million, respectively, representing nil, 72.5% and 43.0% of our revenue, respectively. Sales to our largest customer for the same periods were nil, RMB13.4 million and RMB76.1 million, representing nil, 22.9% and 10.9% of our revenue, respectively. For details, see "Business — Our Customers." We cannot guarantee that we will always receive the best treatment in our collaborations with these customers who have substantial negotiating power.

In addition, we aim to drive sales of products with higher profit margin in the long term. Thus, we plan to further expand our overseas sales and service network. However, we cannot guarantee that such growth initiatives, strategies, and operating plans will successfully enhance our business as anticipated. Their execution may require significant investments and may face implementation challenges, potentially leading to delays or cost overruns. If these initiatives fail to meet our estimates, it may adversely affect our profit margin and financial performance.

It is likely that we will continue to be dependent upon a limited number of customers for a meaningful portion of our revenues in the foreseeable future and we cannot guarantee that they will not terminate or maintain their business relationship with us. For more information, see "Business — Our Customers." The loss of one or more major customers or a reduction in purchase from any major customer would reduce our revenues, and adversely affect our business, results of operations, financial condition and prospects.

We are subject to various risks relating to third-party payment arrangements.

Historically, a limited number of our distributors (individually or collectively, the "Relevant Customer(s)") settled their payments with our Group through accounts of third-party payors designated by these Relevant Customers at their requests (the "Third-Party Settlement Arrangement(s)"). As confirmed by Frost & Sullivan, it is not uncommon for distributors to use the accounts of their related parties to settle corporate transactions with their suppliers. In 2022, 2023 and the nine months ended September 30, 2024, a total number of zero, zero and five Relevant Customers utilized the Third-Party Settlement Arrangements to settle payments with us, respectively. During the same periods, the aggregate amount of payments from the designated third-party payors of these Relevant Customers was nil, nil and RMB24.7 million, respectively, representing approximately nil, nil and 3.5% of our total revenue. As of the Latest Practicable Date, all the Third-Party Settlement Arrangements have been terminated. For additional information, see "Business — Risk Management and Internal Control — Third-Party Settlement Arrangements".

We face various risks associated with the Third-Party Settlement Arrangements during the Track Record Period, including (i) possible claims from third-party payors seeking the return of funds as they were not contractually indebted to us, (ii) potential claims from liquidators of such third-party payors, and (iii) potential money laundering risks due to our limited knowledge about the source and purpose of funds used by third-party payors. In case of claims or legal proceedings, whether civil or criminal, demanding payment return or alleging violation of laws, we would need to allocate significant financial and managerial resources for defense. Compliance with court rulings may result in returning payment for products and services sold to customers, which may materially and adversely affect our business, results of operations and financial conditions.

We rely on a limited number of suppliers for our production. A significant interruption in the operations of our suppliers could potentially affect our operations and any material misconduct or disputes involving our suppliers could adversely affect our business, results of operations, financial condition and prospects.

We rely on suppliers for certain equipment and other materials which we use in our operations. In 2022, 2023 and the nine months ended September 30, 2024, purchases from our five largest suppliers in aggregate accounted for 43.5%, 41.1% and 47.4% of our total purchases, respectively, and purchases from our largest supplier accounted for 14.5%, 14.3% and 19.7% of our total purchases for the same periods, respectively. For details, see "Business Supply Chain Management — Top Five Suppliers." Certain of our suppliers are subject to various regulations and are required to obtain and maintain various qualifications, government licenses and approvals. If any of these suppliers loses its qualification or eligibility because of its failure to comply with regulatory requirements, we may not be able to find alternative suppliers in a timely manner or at all. As we continue to expand overseas, some of our suppliers may be located outside China or may import certain equipment and materials from manufacturers located outside China and resell to us. As a result, trade or regulatory embargoes imposed by foreign countries or China could also result in delays or shortages that could adversely our business. Moreover, general economic conditions could also adversely affect the financial viability of our suppliers, resulting in their inability to provide materials and services used in our operations. In addition, suppliers may fail to supply products that meet our quality standards. If we are unable to identify alternative materials or suppliers and secure approval for their use in a timely manner, our business, results of operations, financial condition and prospects could be adversely affected. Any change in suppliers could require significant effort or investment in circumstances where the items supplied are integral to product performance or incorporate unique technology, and the loss of any existing supply contract could have an adverse effect on us.

We rely on third-party cloud service providers to operate certain aspects of our service. Interruptions, delays in service or inability to increase capacity with our cloud service providers could impair the use of our products and services and subject us to liability, which could adversely affect our business, results of operations, financial condition and prospects.

Our IT infrastructure is currently hosted from third-party cloud service providers. Our services are supported by various cloud providers, with our R&D and operational systems hosted on Alibaba Cloud in China, our CRM system hosted on AWS in Germany, our data services operated on AWS in China, and our overseas WMS hosted on AWS in the United States and Australia. Any outage or failure of such cloud service providers could negatively affect our product connectivity and performance. Furthermore, we depend on connectivity from our products to our cloud service providers through cellular service and virtual private networking providers. Any incident affecting the cloud service providers' or cellular and/or virtual private networking services providers' infrastructure or operations, whether caused by fire, flood, storm, earthquake, power loss, telecommunications failures, breach of security protocols, computer viruses and disabling devices, failure of access control mechanisms, natural disasters, war, criminal act, military actions, terrorist attacks and other similar events could negatively affect the use, functionality or availability of our products and services.

Any damage to, or failure of, our systems, or those of our third-party cloud service providers, could interrupt or hinder the use or functionality of our products and services. Impairment of or interruptions in our products and services may reduce revenue, subject us to claims and litigation, cause end users to cease using our products and services, and adversely affect our ability to attract new end users. Our brand and reputation will also be harmed if end users and potential end users believe our products and services are unreliable. Any such events could adversely affect our business, results of operations, financial condition and prospects.

Computer malware, viruses, ransomware, hacking, phishing attacks and other network disruptions could result in security and privacy breaches, loss of proprietary information and interruption in service, which would adversely affect our business, results of operations, financial condition and prospects.

Computer malware, viruses, physical or electronic break-ins and similar disruptions could lead to interruption and delays in our services and operations and loss, misuse or theft of data. Computer malware, viruses, ransomware, hacking, phishing attacks or denial-of-service attacks, against online networks have become more prevalent and may occur on our systems. Any attempts to disrupt our services or systems could harm our business, introduce liability to data subjects, result in the misappropriation of funds, be expensive to remedy, result in fines, penalties or other liabilities and damage our reputation or brand. Insurance may not be sufficient to cover significant expenses and losses related to cyber-attacks and similar disruptions. Even with the security measures implemented by us and any additional measures we may implement or adopt in the future, our facilities and systems, and those of our third-party service providers, could be vulnerable to security breaches, computer viruses, lost or misplaced data, programming errors, scams, burglary, human errors, acts of vandalism, or other events. Efforts to prevent cyberattacks and similar disruptions are expensive to implement and, as the regulatory framework for data privacy and security worldwide continues to evolve and develop, we may incur additional significant costs to comply with new or existing laws, regulations and other obligations, and we may not be able to cause the implementation or enforcement of such preventions or compliance with such laws and regulations with respect to our third-party vendors. Though it is difficult to determine what, if any, harm may directly result from any specific interruption or attack, an inability to maintain performance, reliability, security and availability of systems and technical infrastructure may, in addition to other losses, harm our reputation, brand and ability to attract customers.

There are a variety of factors ranging from human error to data corruption that could materially impact the efficacy of any processes and procedures designed to enable us to recover from a disaster or catastrophe, including by lengthening the time services are partially or fully unavailable to customers and users. It may be difficult or impossible to perform some or all recovery steps and continue normal business operations due to the nature of a particular cyber-attack, disaster or catastrophe or other disruption, especially during peak periods, which could cause additional reputational damages, or loss of revenues, any of which would adversely affect our business, results of operations, financial condition and prospects.

Compliance with the rapidly evolving landscape of global data privacy and security laws may be challenging, and any failure or perceived failure to comply with such laws, or other concerns about our practices or policies with respect to the collection, use, storage, retention, transfer, disclosure, and other processing of personal data, could damage our reputation and deter current and potential users from using our platform and services.

The nature of our business inevitably requires that we collect, store, process and use our existing customers' personal data on a frequent and regular basis. Accordingly, failure to comply with the increasing number of data protection laws in the jurisdictions in which we operate, including, among others, the GDPR, PRC Cybersecurity Law, PRC Personal Information Protection Law, PRC Data Security Law, PRC Cybersecurity Review Measures and PRC Regulation on Network Data Security Management, as well as concerns about our practices with regard to the collection, use, storage, retention, transfer, disclosure, and other processing of personal data, the security of personal data, or other privacy-related matters, such as cybersecurity breaches, misuse of personal data and data sharing without necessary safeguards, including concerns from our end users, distributors, employees, third party service providers and other business partners, even if unfounded, could damage our reputation and operating results.

As we seek to expand our business internationally, we are, and may increasingly become, subject to various laws, regulations and standards, as well as contractual obligations, relating to data privacy and security in the jurisdictions in which we operate. The regulatory and legal frameworks regarding data privacy and security issues in many jurisdictions are constantly evolving and developing and can be subject to significant changes from time to time, including in ways that may result in conflicting requirements among various jurisdictions. Interpretation and implementation standards and enforcement practices are similarly in a state of flux and are likely to remain uncertain for the foreseeable future. As a result, we may not be able to comprehensively assess the scope and extent of our compliance responsibility at a global level and may fail to fully comply with the applicable data privacy and security laws, regulations and standards. Moreover, these laws, regulations and standards may be interpreted and applied differently over time and from jurisdiction to jurisdiction, and it is possible that they will be interpreted and applied in ways that may have a material and adverse impact on our business, financial condition and results of operations.

Complying with new laws and regulations could substantially increase the costs or require us to change our business practices in a manner materially adverse to our business. Such new laws and regulations as promulgated from time to time have required or may require us to obtain approvals, make filings, report to regulatory authorities, or complete other regulatory procedures. For details of laws and regulations governing data privacy protection in major jurisdictions that we operate in, see "Regulatory Overview." We cannot assure you that we have complied or will comply with such laws and regulations. To the extent we are found by regulators to be not in compliance with these laws and regulations, we may be subject to fines, regulatory orders to suspend our operations or other regulatory and disciplinary sanctions, and our mobile app may be removed from the app stores.

In addition, many statutory requirements, including those in the PRC and in other jurisdictions in which we operate, include obligations for companies to notify individuals of security breaches involving certain personal data, which could result from breaches experienced by us or our external service providers. These laws are not consistent, and compliance in the event of a widespread data breach is difficult and may be costly. In addition, such mandatory disclosures could lead to negative publicity and may cause our current and prospective end users, distributors, third party service providers and other business partners to lose confidence in the effectiveness of our data security measures. Such negative publicity of us or our industry regarding actual or perceived violations of our users' privacy- related rights, including fines and enforcement actions against us or other similarly placed businesses, also may impair users' trust in our privacy practices and make them reluctant to give their consent to sharing their data with us. Any inability to adequately address data privacy or security-related concerns, even if unfounded, or to comply with applicable laws, regulations, standards and other obligations relating to data privacy and security, could result in additional cost and liability to us, harm our reputation and brand, damage our relationships with consumers and have a material and adverse impact on our business, financial condition and results of operations. Concerns about the security of personal data also could lead to a decline in general internet usage, which could result in a decrease in demand for our products and services and have a material and adverse effect on our business, financial condition and results of operations.

We have adopted various data privacy policies with respect to how we collect, store, process and use user data and information. See "Business — Data Security" for more details. While we strive to comply with our internal data privacy guidelines as well as all applicable data privacy and security laws and regulations, and contractual obligations in respect of personal data, there is no assurance that we are able to comply with these laws, regulations and contractual obligations in all respects. Any failure or perceived failure by us, external service providers or business partners to comply may result in proceedings or actions against us, including fines, penalties or enforcement orders (including orders to cease processing activities) being levied on us by government agencies or proceedings or actions against us by our end users, distributors, employees, third party service providers and other business partners, including class action privacy litigation in certain jurisdictions, and could damage our reputation and discourage current and future users from using our products and services, which could materially and adversely affect our business, financial condition and results of operations. In addition, compliance with applicable laws on data privacy requires substantial expenditure and resources, including to continually evaluate our policies and processes and adapt to new requirements that are or become applicable to us on a jurisdiction-by-jurisdiction basis, which would impose significant burdens and costs on our operations or may require us to alter our business practices.

We may not be able to adequately establish, maintain, protect and enforce our intellectual property and proprietary rights or prevent others from unauthorized use of our technology and intellectual property rights. Any such events could harm our competitive position and also subject us to litigations brought by third parties, which could adversely affect our business, results of operations, financial condition and prospects.

We regard our intellectual property and intellectual property rights as an essential asset of our business. Failure to adequately protect such intellectual property rights could result in our competitors offering similar services, potentially resulting in the loss of our competitive advantage and a decrease in our revenue, which would adversely affect our business, results of operations, financial condition and prospects. Our success depends on the ability to protect our core technologies and intellectual property. During the Track Record Period and up to the Latest Practicable Date, we have not encountered any material intellectual property infringement. We expect to rely on a combination of intellectual property rights, such as patents, trademarks, copyrights and trade secrets (including know-how), in addition to employee and third-party nondisclosure agreements, intellectual property licenses and other contractual rights, to establish, maintain, protect and enforce our rights in our technology, proprietary information and processes. Intellectual property laws and our procedures and restrictions will provide only limited protection and any of our intellectual property rights may be challenged, invalidated, circumvented, infringed or misappropriated. If we fail to protect our intellectual property rights adequately, we may lose an important advantage in the markets in which we compete. While we are expected to take measures to protect our intellectual property, such efforts may be insufficient or ineffective, and any of our intellectual property rights may be challenged, which could result in them being narrowed in scope or declared invalid or unenforceable. Other parties may also independently develop technologies that are substantially similar or superior. We may also be forced to bring claims against third parties, or defend claims that they may bring against us, to determine the ownership of what we regard as our intellectual property. However, the measures we will take to protect our intellectual property from unauthorized use by others may not be effective and there can be no assurance that our intellectual property rights will be sufficient to protect against others offering products, services or technologies that are substantially similar or superior to those of ours and that compete with our business.

We also rely on proprietary information (such as trade secrets, know-how and confidential information) to protect intellectual property for which we may not be able to register intellectual property rights, or that we believe is best protected by means that do not require public disclosure. We expect to protect this proprietary information by entering into confidentiality agreements, or consulting, services or employment agreements that contain non-disclosure and non-use provisions with our employees, consultants, contractors, scientific advisers and third parties. However, there is no guarantee that we will enter into such agreements with each party that has or may have had access to our trade secrets or proprietary information and, even if entered into, these agreements may be breached or may otherwise fail to prevent disclosure, third-party infringement or misappropriation of our proprietary information, may be limited as to their term and may not provide an adequate remedy in the event of unauthorized disclosure or use of proprietary information. We will have limited control over the protection of trade secrets used by our third-party suppliers and could lose future trade secret protection if any unauthorized disclosure of such information occurs. In addition, our proprietary information may otherwise become known or be independently developed by our competitors or other third parties. To the extent that our employees, consultants, contractors and other third parties use intellectual property owned by others in their work for us, disputes may arise as to the rights in related or resulting know-how and inventions. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain protection for our proprietary information could adversely affect our competitive business position. If any of our trade secrets were to be lawfully obtained or independently developed by a competitor or other third party, we would have no right to prevent them from using that trade secret. If any of our trade secrets were to be disclosed (whether lawfully or otherwise) to or independently developed by a competitor or other third party, our business, results of operations, financial condition and prospects will be adversely affected.

Litigation may be necessary in the future to enforce our intellectual property rights and to protect our trade secrets. Our efforts to enforce our intellectual property rights may be met with defenses, counterclaims and countersuits attacking the validity and enforceability of our intellectual property. Any litigation initiated concerning the violation by third parties of our intellectual property rights is likely to be expensive and time-consuming and could lead to the invalidation of, or render unenforceable, our intellectual property, or could otherwise have negative consequences for us. Furthermore, it could result in a court or governmental agency invalidating or rendering unenforceable our patents or other intellectual property rights upon which the suit is based. We will not be able to protect our intellectual property if we are unable to enforce our rights or if we fail to detect unauthorized use of our intellectual property. Our inability to protect our proprietary technology against unauthorized copying or use, as well as any costly litigation or diversion of our management's attention and resources, could delay the introduction and implementation of new technologies. Moreover, policing unauthorized use of technologies, trade secrets and intellectual property may be difficult, expensive and time-consuming. If we fail to meaningfully establish, maintain, protect and enforce our intellectual property and proprietary rights, our management's attention could be distracted and our business, results of operations, financial condition and prospects could be adversely affected.

We may need to defend against intellectual property infringement or misappropriation claims, which may be time-consuming and expensive.

From time to time, third party holders of intellectual property rights may assert their rights and urge us to take licenses or may bring suits alleging infringement, misappropriation or other violation of such intellectual property rights. There can be no assurance that we will be able to mitigate the risk of such potential suits or other legal demands by competitors or other third parties. Accordingly, we may consider entering into licensing agreements with respect to such rights, although no assurance can be given that such licenses can be obtained on acceptable terms or that litigation will not occur, and such licenses and associated litigation could significantly increase our operating expenses. In addition, if we are determined to have or believe there is a high likelihood that we have infringed upon, misappropriated or otherwise violated a third party's intellectual property rights, we may be required to cease making, selling or incorporating certain key components or intellectual property into the products or services we offer, to pay substantial damages and royalties, to redesign our products or services, and to establish and maintain alternative branding. In addition, to the extent that our customers and business partners become the subject of any allegation or claim regarding the infringement, misappropriation or other violation of intellectual property rights related to our products or services, we may be required to indemnify such customers and business partners. If we were required to take one or more such actions, our business, results of operations, financial condition and prospects could be adversely affected. In addition, any litigation or claims, whether or not valid, could result in substantial costs, negative publicity and diversion of resources and management attention.

We may be subject to claims that our employees, consultants or advisers have wrongfully used or disclosed alleged trade secrets of their former employers, or claims asserting ownership of what we regard as our own intellectual property.

Some of our management, employees, consultants and advisers were previously employed at or engaged by other companies who are our competitors or potential competitors in the ESS industry. Some of these management, employees, consultants and advisers executed proprietary rights, non-disclosure and non-competition agreements in connection with such previous employment. Although we require that our management and employees do not use the proprietary information or know-how of others in their work for us, we may be subject to claims that we or these individuals have used or disclosed intellectual property, including trade secrets or other proprietary information, of any such individual's former employer, or that third parties have an interest in our patents as an inventor or co-inventor. As of the Latest Practicable Date, we had not become aware of any threatened or pending claims related to these matters or concerning the agreements with our management or employees, but in the future litigation may be necessary to defend against such claims. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management.

Our sales and results of operations are subject to seasonal variations.

According to Frost & Sullivan, ESS sales in the key markets we operate in exhibit noticeable seasonality for a variety of reasons, including seasonal demand fluctuations, policy influences, holidays, and climate conditions, among others. Accordingly, our product sales are influenced by seasonal trends and we generally record lower sales during the first quarter and higher sales in the fourth quarter. We expect the impact of seasonality on our business to remain in the future, although by leveraging our adjustments in production capacity and inventory, we generally do not experience material seasonal fluctuations with respect to our results of operations and financial conditions for our Group as a whole. As a result of these seasonal variations, we believe that comparisons of our operational results between different quarters within a single fiscal year or across different fiscal years are not necessarily meaningful and that these comparisons cannot be relied upon as indicators of our future performance.

We are exposed to credit risks related to our trade and bills receivables.

We face credit risks attributable to our trade and bills receivables due from our customers for goods sold or services performed in the ordinary course of our business. We generally offer payment terms of 30 to 90 days from delivery, except for new customers, whose payment in advance is normally required. Our trade and bills receivables as of December 31, 2022, 2023, and September 30, 2024 amounted to nil, RMB20.3 million and RMB162.3 million, respectively. In 2022, 2023, and the nine months ended September 30, 2024, our average trade and bills receivables turnover days were nil, 63 and 35 days, respectively. The fluctuation and extension of trade and bills receivable turnover may have a material and adverse effect on our cash flow and liquidity position. See "Financial Information — Discussion of Certain Key Items from our Consolidated Statements of Financial Position — Trade and Bills Receivables" for details. We have a credit control department to minimize credit risk and overdue balances for trade and bills receivables are regularly reviewed by our senior management. As there is limited financial or public information on many of our counterparties, we cannot assure you that all of our counterparties are creditworthy and reputable and will not default on us in the future, despite our efforts to conduct credit assessments on them. As a result, we are exposed to risks that our counterparties may fail to fulfill their obligations to us under our contracts.

We are subject to risks related to properly and timely obtaining and maintaining the requisite licenses, permits, registrations and filings applicable to our business according to evolving legal requirements.

Under the laws and regulations in China and overseas markets, we are required to obtain or complete a number of licenses, approvals, registrations, filings and other permissions for our operation. As of the Latest Practicable Date, we obtained all requisite licenses, approvals and permits from relevant authorities that are material to our operations, and we expect that there is no material legal impediment to the renewal of such licenses, approvals and permits. For details, see "Business — Licenses, Approvals and Permits." As a fast-growing company that is continuously exploring new approaches to conduct our business and capture growth opportunities, we may become subject to additional license, approval and other requirements as we develop and expand our business scope and engage in different business activities. We may fail to meet such requirements timely or at all, in which case we may be subject to administrative penalties and our ability to expand our business and sustain our growth may be materially affected. In addition, certain licenses, permits or registrations we hold are subject to periodic renewal. If we fail to maintain or renew one or more of our licenses and certificates when their current term expires, or obtain such renewals on a timely manner, our operations could be disrupted. If any of these risks materializes, our business, results of operations, financial condition and prospects may be adversely affected.

We rely on the service of certain key members of our executive management team, qualified executive management, research and development, technical, engineering and sales personnel, and other key employees. The loss of any of them may adversely affect our business, results of operations, financial condition and prospects.

Our continued success is and will continue to depend to a significant extent on the efforts and abilities of us to retain the key members of our executive management team, and to make sure each of them is and will continue to be actively engaged in our management and determines our strategic direction. The departure of any of the key individuals from or their reduced attention to us could have a material adverse effect on our business, results of operations, financial condition and prospects.

We are and will continue to be dependent upon the services of members of our executive management team. Our future performance will also depend on their continued services and continuing contributions to formulate and execute our business plan and to identify and pursue new opportunities and service innovations. The loss of services of any of these individuals, or the ineffective management of any leadership transitions, could significantly delay or prevent the achievement of our development and strategic objectives, which could adversely affect our business, results of operations, financial condition and prospects.

Our success also depends, in part, on the continuing ability to identify, hire, attract, train and develop and retain highly qualified personnel. Competition for employees can be intense and the ability to attract, hire and retain them will depend on our ability to provide competitive compensation. We may not be able to attract, assimilate, develop or retain qualified personnel in the future. The inability to recruit and retain qualified personnel in the future could have an adverse effect on our business, results of operations, financial condition and prospects.

We may be unable to detect, deter and prevent all instances of fraud or other illegal actions and misconducts committed by our employees, outsourced labor, suppliers, distributors or other third parties.

We may be exposed to fraud, bribery or other misconduct committed by our employees, outsourced labor, suppliers, distributors or any other third parties that could subject us to financial losses, liabilities and sanctions imposed by governmental authorities, which may adversely affect our reputation. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any instances of fraud, bribery, and other misconduct involving employees, outsourced labor, suppliers, distributors and other third parties that had a material and adverse impact on our business, results of operations, financial condition and prospects. However, we cannot assure you that there will not be any such instances in the future and we may be unable to prevent, detect or deter all such instances of misconduct. Any such misconduct committed against our interests, which may include undetected past acts or future acts, may have a material and adverse effect on our business, results of operations, financial condition and prospects.

Our risk management and internal control systems, as well as the risk management tools available to us, may not fully protect us against various risks inherent in our business.

We have implemented risk management and internal control systems, and adopted risk management tools available to us with respect to our business operations. However, there is no assurance that our risk management, internal control systems and risk management tools are adequate or effective to fully protect us against the potential risks inherent in our business. We have engaged an independent internal control consultant to identify and advise on mitigating risks relating to our operations. During the review by our independent internal control consultant, certain deficiencies were identified and we have taken actions to rectify such deficiencies. See "Business — Risk Management and Internal Control — Internal Control" for more details. In the event that we fail to identify and deal with any potential risks or internal control deficiencies, our business, results of operations and prospects may be materially and adversely affected.

Further, the successful implementation of our risk management and internal control systems depends on our management, employees and business partners. There is no assurance that our management, employees and business partners will strictly observe and adhere to relevant measures and policies. There is also no assurance that our management, employees and business partners will be able to carry out relevant measures and policies without human errors or mistakes. In addition, as our business expands, we may have to adopt and modify our risk management and internal control measures and policies in a timely manner in response to our business growth. Failure to do so may result in material and adverse effect on our business and results of operations.

We are subject to risks relating to litigation and disputes, which could adversely affect our business, results of operations, financial condition and prospects.

We may be subject to claims, litigation and disputes and various legal and administrative proceedings, and, as a result, penalties and new claims may arise in the future. In addition, agreements we entered into sometimes include indemnification provisions which may subject us to costs and damages in the event of a claim against an indemnified third party. Regardless of the merit of particular claims, legal and administrative proceedings, such as litigations, injunctions and governmental investigations, may be expensive, time consuming or disruptive to our operations and distracting to management.

Our Directors have confirmed that, during the Track Record Period and up to the Latest Practicable Date, there were no legal or administrative proceedings pending or threatened against us or any of our Directors that could, individually or in the aggregate, have a material effect on our business, financial condition or results of operations. However, new legal or administrative proceedings and claims may arise in the future and the current legal or administrative proceedings and claims we face are subject to inherent uncertainties. If one or more legal or administrative matters were resolved against us or an indemnified third party for amounts in excess of our management's expectations, our business, results of operations, financial condition and prospects could be materially and adversely affected. Further, such an outcome could result in significant compensatory or punitive monetary damages, disgorgement of revenue or profits, remedial corporate measures, injunctive relief or specific performance against us that could materially and adversely affect our business, results of operations, financial condition and prospects. For further details regarding our legal proceedings and compliance matters, see "Business — Legal Proceedings and Compliance."

We face exposure to foreign currency exchange rate fluctuations, and such fluctuations could adversely affect our business, operating results and financial condition and your [REDACTED].

As we continue to expand our international operations, we will become increasingly exposed to the effects of fluctuations in currency exchange rates. During the Track Record Period, substantially all of our revenue was denominated in U.S. dollars, euros and Australian dollars, while our expenditures were primarily denominated in Renminbi. Because we conduct business in currencies other than Renminbi but report our operating results in Renminbi, we also face translation exposure to fluctuations in currency exchange rates, which could hinder our ability to predict our future results and earnings and could impact our operating results. In 2022, 2023 and the nine months ended September 30, 2024, we recorded net foreign exchange gains of nil, RMB1.5 million and RMB10.3 million, respectively.

In addition, as the net [**REDACTED**] from the [**REDACTED**] will be in Hong Kong dollars, fluctuations in the exchange rate between the Renminbi and the Hong Kong dollar will affect the relative purchasing power in Renminbi in terms of the [**REDACTED**] from the [**REDACTED**]. Fluctuations in the exchange rate may also cause us to incur foreign exchange losses and affect the relative value of any dividend issued by our PRC subsidiaries. In addition, appreciation or depreciation in the value of the Renminbi relative to the Hong Kong dollar or U.S. dollar would affect our financial results in Hong Kong dollar or U.S. dollar terms without giving effect to any underlying change in our business or results of operations.

Movements in Renminbi exchange rates are affected by, among other things, changes in political and economic conditions and China's foreign exchange regime and policy. With the development of the foreign exchange market and progress towards interest rate liberalization and Renminbi internationalization, the PRC government may in the future announce further changes to the exchange rate system, and we cannot assure you that the Renminbi will not appreciate or depreciate significantly in value against other currencies in the future. It is difficult to predict how market forces or relevant government policies may impact the exchange rate between the Renminbi and other currencies in the future.

Some of the lease agreements of our leased properties have not been registered with the relevant PRC government authorities as required by PRC law, which may expose us to potential fines.

Under PRC law, all lease agreements are required to be registered with the local land and real estate administration bureau. However, the enforcement of this legal requirement varies depending on the local regulations and practices. Although failure to do so does not in itself invalidate the leases, the lessees may not be able to defend these leases against bona fide third parties and may also be exposed to potential fines if they fail to rectify such non-compliance within the prescribed time frame after receiving notice from the relevant PRC government authorities. The penalty ranges from RMB1,000 to RMB10,000 for each unregistered lease, at the discretion of the relevant authority. As of the Latest Practicable Date, the lease agreements for some of our leased properties in China, including leased properties for our offices and production facilities, have not been registered with the relevant PRC government authorities. In the event that any fine is imposed on us for our failure to register our lease agreements, we may not be able to recover such losses from the lessors. For details, see "Business — Properties — Lease Registration."

Non-compliance with labor-related laws and regulations of the PRC may have an adverse impact on our financial condition and results of operation.

We have been subject to stricter regulatory requirements in terms of entering into labor contracts with our employees and paying various statutory employee benefits, including basic pensions, housing fund, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance to designated government agencies for the benefit of our employees. Pursuant to the PRC Labor Contract Law, or the Labor Contract Law, that became effective in January 2008 and was amended in December 2012, and its implementing rules that became effective in September 2008, employers are subject to stricter requirements in terms of signing labor contracts, minimum wages, paying remuneration, determining the term of employees' probation and unilaterally terminating labor contracts. If we are subject to severe penalties or incur significant legal fees in connection with labor-related laws and regulations, our business, financial condition and results of operations may be adversely affected.

In addition, we engage dispatched workers from third-party employment agencies to meet the needs of our business operations. Pursuant to the Labor Contract Law and its amendments, dispatched workers may only be engaged for temporary, ancillary or substitute positions. We cannot assure you that the relevant governmental authorities will determine that our dispatched workers are engaged for temporary, ancillary or substitute positions. The Interim Provisions on Labor Dispatch, which became effective on March 1, 2014, further provides that the number of dispatched workers an employer may use must not exceed 10% of its total labor force. Specifically, in the event that we decide to terminate some of our employees or otherwise change our employment or labor practices, the Labor Contract Law and its implementation rules may limit our ability to effect those changes in a desirable or cost-effective manner, which could adversely affect our business and results of operations. Additionally, we could be required to provide additional compensation to our employees and our business, financial condition and results of operations could be materially and adversely affected.

Pursuant to the PRC laws and regulations, we are required to participate in the employee social welfare plan administered by local governments. Such plan consists of pension insurance, medical insurance, work-related injury insurance, maternity insurance, unemployment insurance and housing provident fund. The amount we are required to contribute for each of our employees under such plan should be calculated based on the employee's actual salary level of the previous year, and be subject to a minimum and maximum level as from time to time prescribed by local authorities. During the Track Record Period, we used third-party human resources agencies to pay social insurance and housing fund for a few employees, and we also had an immaterial shortfall in social insurance and housing provident fund contributions for some of our employees that were not based on the actual salary levels. As a result, we may be required by competent authorities to pay the outstanding amount, and could be subject to late payment penalties or enforcement application made to the court.

If we fail to comply with environmental protection and health and safety laws and regulations, we could become subject to fines and penalties or incur costs that could have an adverse effect on our business, results of operations, financial condition and prospects.

We are subject to numerous environmental protection and health and safety laws and regulations. As advised by our PRC counsel, we have been compliant with such laws and regulations in all material aspects. In addition, as we continue to expand our business scale, we cannot assure you that there will not be suspected violations in the process of expanding our business scale that result in us becoming subject to governmental investigations or penalties, which may include cessation of operation, fines, and confiscation of illegal gains. Any potential failure to comply with environmental protection and health and safety laws and regulations and failure to adequately protect the health of our employees could have an adverse impact on our business, results of operations, financial condition and prospects.

Environmental, Social and Governance ("ESG") matters, and unsuccessful management of such matters may impose additional costs and expose us to new risks.

Public ESG and sustainability reporting is becoming more broadly expected by [**REDACTED**], shareholders and other stakeholders and third parties. Certain organizations that provide corporate governance and other corporate risk information to [**REDACTED**] and shareholders have developed, and others may in the future develop, scores and ratings to evaluate companies and investment funds based upon ESG or "sustainability" metrics. Many investment funds focus on positive ESG business practices and sustainability scores when making investments and may consider a company's ESG or sustainability scores as a reputational or other factor in making an [**REDACTED**] decision. In addition, [**REDACTED**], particularly [**REDACTED**], use these scores to benchmark companies against their peers and if a company is perceived as lagging, these [**REDACTED**] may engage with such company to improve ESG disclosure or performance and may also make voting decisions, or take other actions, to hold these companies and their boards of directors accountable. We may face reputational damage in the event our corporate responsibility initiatives or objectives, including with respect to board diversity, do not meet the standards set by our board of directors, shareholders, regulators or other constituencies, or if we are unable to achieve an acceptable ESG or sustainability rating from third party rating services. Ongoing focus on corporate responsibility matters by [**REDACTED**], shareholders and other parties as described above may impose additional costs or expose us to new risks, including increased risk of investigation and litigation, and negative impacts on the value of our products and access to capital, which may put us at a commercial disadvantage relative to our peers.

We have been and continue to rigorously monitor a range of sustainability-related key performance indicators, setting up and monitoring ESG policies, strategies, principles and visions. We have established an ESG governance structure to help us actively respond to environmental and social challenges while continuing to develop and achieve long-term sustainable development. See "Business — Environmental, Social and Governance ("ESG")." Implementing our ESG policies may result in increased costs in our supply chain, fulfillment, and corporate business operations, and could deviate from our initial estimates and have a material adverse effect on our business and financial condition. In addition, standards and research regarding ESG strategies could change and become more onerous both for us and our third-party suppliers to meet successfully. As such, there can be no certainty that we will be able to meet our ESG or other strategic objectives in an efficient and timely manner or at all, or that we will successfully meet societal expectations in this regard.

We may be adversely affected by any negative publicity concerning us and our business, shareholders, affiliates, directors, officers, other employees, business partners, other third parties as well as the industry in which we operate, regardless of its accuracy, that could harm our reputation and in turn adversely affect our business, results of operations, financial condition and prospects.

Our ability to attract and retain customers is highly dependent upon the public perceptions of our products and services, trustworthiness and business practices. Negative perceptions or publicity about us and our business, shareholders, affiliates, directors, officers, employees, business partners, other third parties as well as the industry in which we operate, even if related to isolated incidents, could erode trust and confidence and damage our reputation among existing and potential customers. In turn, this could decrease the demand for our products, increase regulatory scrutiny and detrimentally effect our business. In addition to traditional media, there has been an increasing use of social media platforms and similar devices globally, including instant messaging applications, social media websites and other forms of internet-based communications that provide individuals with access to a broad audience of consumers and other interested persons. Negative publicity concerning these parties could be related to a wide variety of matters, including, but are not limited to:

- alleged misconduct or other improper activities committed by our directors, officers, and employees, as well as our business partners;
- false or malicious allegations or rumors about us or our directors, shareholders, affiliates, officers and employees;
- complaints by our customers about our products;
- security breaches of private customer or transaction data;
- employment-related claims relating to alleged employment discrimination, wage and hour violations; and
- governmental and regulatory investigations or penalties resulting from our failure to comply with applicable laws and regulations.

The availability of information on instant messaging applications and social media platforms is virtually immediate, as is its impact, without affording us an opportunity for redress or correction. The opportunity for dissemination of information, including inaccurate information, is seemingly limitless and readily available. Information concerning our Company, shareholders, directors, officers and employees may be posted on such platforms at any time. The risks associated with any such negative publicity or incorrect information cannot be completely eliminated or mitigated and may materially harm our reputation, business, financial condition and results of operations.

Furthermore, our brand name and our business may be harmed by aggressive marketing and communication strategies by competitors and third parties. We may be subject to government or regulatory investigation or third-party claims as a result and we may be required to spend significant time and incur substantial costs to react to and address these consequences. There is no assurance that we will be able to effectively refute each of the allegations within a reasonable period of time, or at all. Additionally, public allegations, directly or indirectly, against us or our business partners, may be posted online by anyone on an anonymous basis. Social media platforms may not necessarily filter or check the accuracy of information before publishing them and we are often afforded little or no time to respond. As a result, our reputation may be adversely affected and our ability to attract and retain customers and maintain our market share and our financial conditions may suffer.

Share-based payments may lead to shareholding dilution for our existing Shareholders and adversely affect our financial performance.

We have adopted an employee incentive scheme for the benefit of eligible participants, who have made contribution to the development of the Group. See "Appendix IV — Statutory and General Information — 5. Pre-[**REDACTED**] Employee Incentive Scheme." In 2022, 2023 and the nine months ended September 30, 2024, we incurred share-based payment expenses of RMB37.3 million, RMB124.0 million and RMB34.0 million, respectively. To further incentivize our employees, we may pay additional share-based payment in the future. Issuance of Shares with respect to such share-based payment may dilute the shareholding percentage of our existing Shareholders. Such share-based payments may also increase our expenses and therefore have a material and adverse effect on our financial performance.

Any occurrence of a natural disaster, widespread health epidemic or other outbreaks beyond our control could have an adverse effect on our business, results of operations, financial condition and prospect.

Our business could be adversely affected by natural disasters, such as snowstorms, earthquakes, fires or floods, the outbreak of a widespread health epidemic, or other events, such as wars, acts of terrorism, environmental accidents, power shortage or communication interruptions. The outbreak of any severe epidemic disease, such as avian flu, H1N1 flu, SARS or, most recently, COVID-19, may impact our business operations, which could negatively affect our supply chain management, and our business, results of operations, financial condition and prospects.

RISKS RELATING TO DOING BUSINESS IN THE GEOGRAPHIC MARKETS IN WHICH WE OPERATE

We may be subject to the approval, filing or other requirements of the CSRC or other PRC governmental authorities in connection with future capital raising activities.

On February 17, 2023, the CSRC promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Enterprises (《境內企業境外發行證券和上市管理試行辦法》) (the "**Trial Administrative Measures**") and five supporting guidelines, which has become effective on March 31, 2023. The Trial Administrative Measures, require, among others, that PRC domestic enterprises that seek to [**REDACTED**] and [**REDACTED**] securities in overseas markets, either directly or indirectly, to file the required documents with the CSRC within three business days after its [**REDACTED**] for overseas [**REDACTED**] is submitted. See "Regulatory Overview — Regulations Related to Overseas Securities [**REDACTED**] and [**REDACTED**] by Domestic Enterprises" for details.

On February 24, 2023, the CSRC, the MOF, the National Administration of State Secrets Protection of China, and the National Archives Administration of China published the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the "**Archives Rules**"), which came into effect on March 31, 2023. The Archives Rules require that, in relation to the overseas securities [**REDACTED**] and [**REDACTED**] activities of domestic enterprises, either in direct or indirect form, such domestic enterprises, as well as securities companies and securities service institutions providing relevant securities services, are required to strictly comply with relevant requirements on confidentiality and archives management, establish a sound confidentiality and archives system, and take necessary measures to implement their confidentiality and archives management responsibilities. Failure to comply with which may materially affect our business, results of operations or financial conditions.

We cannot assure you that any new rules or regulations promulgated in the future will not impose additional requirements or restrictions on us or our financing activities. If it is determined in the future that approval from or filing with the CSRC or other regulatory authorities or other procedures are required, we may fail to obtain such approval, perform such filing procedures or meet such other requirements in a timely manner or at all. We may face sanctions by the CSRC or other PRC regulatory authorities for failure to seek CSRC approval or other government authorization, or perform filing procedures, for our future financing activities, and these regulatory authorities may impose fines and penalties on us, limit our operating activities in the PRC, limit our ability to pay dividends outside the PRC, delay or restrict the repatriation of the [**REDACTED**] from such future financing activities into the PRC or take other actions to restrict our financing activities, which could have a material and adverse effect on our financial conditions and business prospects.

Changes in the political and economic policies of the geographic markets in which we operate may materially and adversely affect our business, financial condition and results of operations and may result in our inability to sustain our growth and expansion strategies.

We are headquartered in Shanghai, China and currently all of our manufacturing operations are conducted in China, while our sales and other business operations are conducted in a number of geographic markets across Europe, Africa, America, and the APAC region. Accordingly, our business, financial condition and results of operations may be influenced to a significant degree by political, economic and social conditions in these markets. The economies in emerging markets generally differ from developed markets in many respects, including the level of government involvement, level of development, growth rate, control of foreign exchange, government policy on public order and allocation of resources. In some of these markets, governments continue to play a significant role in regulating industry development by imposing industrial policies. Some local governments also exercise significant control over the economic growth and public order in their respective jurisdictions through allocating resources, controlling payment of foreign currency-denominated obligations, setting monetary policies, and providing preferential treatment to particular industries or companies. Governmental actions to control inflation and other policies and regulations have often involved, among other measures, price controls, currency devaluations, capital controls and limits on imports.

Growth of the economy in each of our geographic markets has been uneven, both geographically and among various sectors of the economy. An economic downturn, whether actual or perceived, a further decrease in economic growth rates or an otherwise uncertain economic outlook in our geographic markets or any other market in which we may operate could have a material adverse effect on our business, financial condition and results of operations. Some of these markets have experienced, and may in the future experience, political instability, including strikes, demonstrations, protests, marches or other types of civil disorder. These instabilities and any adverse changes in the political environment could increase our costs, increase our exposure to legal and business risks, disrupt our operations or affect our ability to expand our user base.

[REDACTED] may experience difficulties in effecting service of legal process and enforcing judgments against us and our Directors, Supervisors and management.

We are a company incorporated under the laws of the PRC and the majority of our assets and subsidiaries are located in the PRC. Most of our Directors, Supervisors and senior management reside within the PRC. The assets of these Directors, Supervisors and senior management are also mostly located within the PRC. As a result, it may be difficult and time-consuming to effect service of process upon most of our Directors, Supervisors and senior management outside the PRC. In addition, [**REDACTED**] may also experience difficulties in enforcing judgements due to lack of reciprocal recognition and enforcement of judicial rulings and awards of other jurisdictions.

The holders of H Shares will not be able to bring actions on the basis of violations of the Listing Rules and must rely on the Stock Exchange to enforce its rules. The Listing Rules and the Hong Kong Takeovers Code do not have the force of law in Hong Kong.

We are subject to the currency exchange regulatory system.

The conversion of Renminbi is subject to applicable laws and regulations in the PRC. It cannot be guaranteed that under a certain exchange rate, we will have sufficient foreign exchange to meet our foreign exchange requirements. Under the current PRC foreign exchange regulatory system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from the SAFE, but we are required to present documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within China that have the licenses to carry out foreign exchange business.

Under existing foreign exchange regulations, following the completion of the [**REDACTED**], we will be able to pay dividends in foreign currencies without prior approval from the SAFE by complying with certain procedural requirements. However, there is no assurance that these foreign exchange policies regarding payment of dividends in foreign currencies will continue in the future. In addition, any insufficiency of foreign exchange may restrict our ability to pay dividend to shareholders or to satisfy any other foreign exchange requirements, capitalize our capital expenditure plans, and even our results of operations, financial performance and business prospects may be affected.

Our operations are subject to PRC tax laws and regulations.

We are subject to periodic examinations on fulfillment of our tax obligation under the PRC tax laws and regulations by PRC tax authorities. The PRC tax laws and regulations might be subject to interpretations and adjustments by relevant authorities when necessary. We cannot assure you that future examinations by PRC tax authorities would not result in fines, other penalties or actions that could materially and adversely affect our results of operations, financial performance and business prospects.

We are a PRC enterprise and we are subject to PRC tax on our global income, and any gains on the sales of our H Shares by [REDACTED] and dividends paid to [REDACTED] on our H Shares may be subject to PRC tax.

Under the current PRC tax laws and regulations, non-PRC resident individuals and non-PRC resident enterprises are subject to different tax obligations with respect to the dividends paid to them by us and the gains realized upon the sale or other disposition of our H Shares.

Non-PRC resident individuals are required to pay PRC individual income tax at a 20% rate for the income derived in China under the IIT Law and its implementation guidelines. Accordingly, we are required to withhold such tax from dividend payments, unless applicable tax treaties between China and the jurisdiction in which the foreign individual resides reduce or provide an exemption for the relevant tax obligations. However, pursuant to the Circular on Certain Policy Questions Concerning Individual Income Tax (《財政部、國家稅務總局關於個人所得稅若干政策問題的通知》) (Cai Shui Zi [1994] No. 020) issued by the MOF and SAT on May 13, 1994, the income gained by individual foreigners from dividends and bonuses of enterprises with foreign investment are exempted from individual income tax for the time being. In addition, under the IIT Law and its implementation regulations, non-PRC resident individual holders of H Shares are subject to individual income tax at a rate of 20% on gains realized upon the sale or other disposition of H Shares. However, pursuant to the Circular of Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from the Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) (Cai Shui Zi [1998] No. 61) issued by the MOF and the SAT on March 30, 1998, from January 1, 1997, the income of individuals from the transfer of the shares of [**REDACTED**] enterprises continues to be exempted from individual income tax.

As of the Latest Practicable Date, no aforesaid provisions have expressly provided that individual income tax shall be levied on non-PRC resident individual holders on the transfer of shares in PRC resident enterprises [**REDACTED**] on overseas stock exchanges, and to our knowledge, no such individual income tax was levied by PRC tax authorities in practice. However, there is no assurance that the PRC tax authorities will not change these practices which could result in levying income tax on non-PRC resident individual holders on gains from the sale of our H Shares.

For non-PRC resident enterprises that do not have establishments or premises in China, and for those that have establishments or premises in China but whose income is not related to such establishments or premises, under the EIT Law and its implementation regulations, dividends paid by us and gains realized by such foreign enterprises upon the sale or other disposition of our H Shares are subject to PRC EIT at a 10% rate. In accordance with the Circular on Issues Relating to Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) (Guo Shui Han [2008] No. 897) issued by SAT on November 6, 2008, the withholding tax rate for dividends payable to non-PRC resident enterprise holders of H Shares will be 10% and we intend to withhold tax at a rate of 10% from dividends paid to non-PRC resident enterprise holders of our H Shares (including [**REDACTED**] Nominees). Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty or arrangement will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the PRC tax authorities' approval.

Despite the arrangements mentioned above, the interpretation and application of existing applicable PRC tax laws and regulations by the competent tax authorities will be in accordance with the then effective laws and regulations and may change, and new taxes may be imposed, which in either case may adversely affect the value of your [**REDACTED**] in our H Shares.

RISKS RELATING TO THE [REDACTED]

There has been no prior public market for our H Shares and the [REDACTED] and [REDACTED] of our H Shares may be volatile.

Prior to the completion of the [**REDACTED**], there has been no [**REDACTED**] for our H Shares. There can be no guarantee that an active [**REDACTED**] market for our H Shares will develop or be sustained after the completion of the [**REDACTED**]. The [**REDACTED**] is the result of negotiations between our Company and the [**REDACTED**] (for themselves and on behalf of the [**REDACTED**]), which may not be indicative of the [**REDACTED**] at which our H Shares will be [**REDACTED**] following the completion of the [**REDACTED**]. The [**REDACTED**] of our H Shares may drop below the [**REDACTED**] at any time after completion of the [**REDACTED**].

The [REDACTED] of our H Shares may be volatile, which could result in substantial losses to you.

The [**REDACTED**] of our H Shares may be volatile and could fluctuate widely in response to factors beyond our control. In particular, the performance and fluctuation of the [**REDACTED**] of other companies with business operations located mainly in mainland China that have [**REDACTED**] their securities in Hong Kong may affect the volatility in the [**REDACTED**] of and [**REDACTED**] volumes for our H Shares. A number of mainland China-based companies have [**REDACTED**] their securities, and some are in the process of preparing for [**REDACTED**] their securities, in Hong Kong. The share price of some of these companies have experienced significant volatility, including significant price declines after their [**REDACTED**]. The [**REDACTED**] performances of the securities of these companies at the time of or after their [**REDACTED**] may affect the overall [**REDACTED**] sentiment towards mainland China-based companies [**REDACTED**] in Hong Kong and consequently may impact the [**REDACTED**] performance of our H Shares. [**REDACTED**] Due to such [**REDACTED**] requirement, the [**REDACTED**] and [**REDACTED**] volume of the H Shares in the short term following the [**REDACTED**] may be significantly affected. These factors may significantly affect the [**REDACTED**] and [**REDACTED**] of our H Shares, regardless of our actual operating performance.

Future sales or perceived sales of substantial amounts of our H Shares in the public market could have a material and adverse effect on the [REDACTED] of our H Shares and our ability to raise additional capital in the future.

The [**REDACTED**] of our H Shares could decline as a result of future sales of a substantial number of our H Shares or other securities relating to our H Shares in the public market, the issuance of new [**REDACTED**] or other securities, or the perception that such sales or issuances may occur. Future sales, or perceived sales, of substantial amounts of our securities, including any future [**REDACTED**], could also materially and adversely affect our ability to raise capital at a specific time and on terms favorable to us. In addition, our Shareholders may experience dilution in their holdings if we issue more securities in the future. New [**REDACTED**] or [**REDACTED**] issued by us may also confer rights and privileges that take priority over those conferred by the H Shares.

You will incur immediate and substantial dilution and may experience further dilution if we issue additional Shares in the future.

The [**REDACTED**] of the [**REDACTED**] is higher than the [**REDACTED**] value per Share immediately prior to the [**REDACTED**]. Therefore, purchasers of the [**REDACTED**] in the [**REDACTED**] will experience an immediate dilution in [**REDACTED**] consolidated [**REDACTED**] value. To expand our business, we may consider [**REDACTED**] and issuing additional shares in the future. Purchasers of the [**REDACTED**] may experience dilution in the [**REDACTED**] value per Share of their Shares if we issue additional shares in the future at a price that is lower than the [**REDACTED**] value per Share at that time.

Our Controlling Shareholders have significant influence over us and their interests may not always be aligned with the interest of our other Shareholders.

Immediately upon the completion of the [**REDACTED**], without taking into account any Shares which may be issued pursuant to the exercise of the [**REDACTED**], our Controlling Shareholders, will control [**REDACTED**]% of our total issued Shares. Our Controlling Shareholders will, through their voting power at the Shareholders' meetings and their delegates or positions on the Board, have significant influence over our business and affairs, including decisions in respect of mergers or other business combinations, acquisition or disposition of assets, issuance of additional Shares or other equity securities, timing and amount of dividend payments, and our management. Our Controlling Shareholders may not act in the best interests of our minority Shareholders. In addition, without the approval of our Controlling Shareholders, we could be prevented from entering into transactions that could be beneficial to us. This concentration of ownership may also discourage, delay or prevent a change in control of our Company, which could deprive our Shareholders of an opportunity to receive a premium for the Shares as a part of a sale of our Company and may significantly reduce the [**REDACTED**] of our H Shares.

There can be no assurance that we will declare and distribute any amount of dividends in the future.

Under PRC law, dividends may be paid only out of distributable profit, for which the PRC laws do not specify the applicable accounting principles. Distributable profit is our profit as determined under PRC GAAP or IFRS, whichever is lower, less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make. Any distributable profits that are not distributed in a given year are retained and become available for distribution in subsequent years. The calculation of our distributable profits under PRC GAAP differs in certain respects from the calculation under IFRS. As a result, our Company and our PRC operating subsidiaries may not be able to pay a dividend in a given year if our Company or our PRC operating subsidiaries do not have distributable profits as determined under PRC GAAP even if they have profits as determined under IFRS, or vice versa.

There can be no assurance that future dividends will be declared or paid. The declaration, payment and amount of any future dividends are subject to the discretion of our Directors, after taking into account our results of operations, financial condition, cash requirements and availability and other factors as they may deem relevant, and subject to the approval at a Shareholders' meeting. We may not have sufficient or any profits to enable us to make dividend distributions to our Shareholders in the future, even if our financial statements indicate that our operations have been profitable.

Certain statistics contained in this Document are derived from a third-party report and publicly available official sources.

This Document, particularly the section headed "Industry Overview", contains information and statistics relating to the ESS market in China and internationally. Such information and statistics have been derived from various official governments and other publications and from a third-party report [**REDACTED**] by us. However, we cannot guarantee the quality or reliability of such information. The information from official government sources has not been independently verified by us, the Joint Sponsors, the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], any of the [**REDACTED**], any of our or their respective directors, officers or representatives or any other parties involved in the [**REDACTED**] and no representation is given as to their accuracy. In addition, we cannot assure you that such information is stated or compiled on the same basis or with the same degree of accuracy as or consistent with similar statistics presented elsewhere, and such information may not be complete or up-to-date. In any event, you should consider carefully the importance placed on such information or statistics.

You should read the entire Document carefully and should not rely on any information contained in press articles or other media regarding us and the [REDACTED].

We strongly caution you not to rely on any information contained in press articles or other media regarding us and the [**REDACTED**]. Prior to the publication of this Document, there has been press and media coverage regarding us, our business, our industry and the [**REDACTED**]. There may be additional press and media coverage regarding us, our business, our industry and the [**REDACTED**] subsequent to the date of this Document but prior to the completion of the [**REDACTED**]. Such press and media coverage may include references to certain information that does not appear in this Document, including certain operating and financial information and projections, valuations and other information. None of us or any other person involved in the [**REDACTED**] has authorized the disclosure of any such information in the press or media coverage and none of us accepts any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this Document, we disclaim responsibility for it, and you should not rely on such information.

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[REDACTED]

[**REDACTED**]

In preparation for the [**REDACTED**], we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules:

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, our Company must have a sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. Rule 19A.15 of the Listing Rules further provides that the requirement in Rule 8.12 of the Listing Rules may be waived by having regard to, among other considerations, our arrangements for maintaining regular communication with the Stock Exchange.

Our Group's management, business operations and assets are primarily based outside Hong Kong. The principal management headquarters and senior management of our Group are primarily based in China. Our Directors consider that either by means of relocation of existing executive Directors or the appointment of executive Directors who will be ordinarily resident in Hong Kong would not be beneficial to, or appropriate for, our Group and therefore would not be in the best interests of our Company and our Shareholders as a whole. Therefore, we do not have, and do not contemplate to have, in the foreseeable future, sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rules 8.12 and 19A.15 of the Listing Rules.

Accordingly, pursuant to Rule 19A.15 of the Listing Rules, we have applied to the Stock Exchange for, and the Stock Exchange [has granted] us, a waiver from strict compliance with the requirements under Rule 8.12 and Rule 19A.15 of the Listing Rules. We will ensure that there is a regular and effective communication between us and the Stock Exchange by way of the following arrangements:

(a) pursuant to Rule 3.05 of the Listing Rules, we have appointed and will continue to maintain two authorized representatives (the "**Authorized Representatives**"), who will act as our principal channel of communication with the Stock Exchange and ensure that our Company complies with the Listing Rules at all times. The two Authorized Representatives are Mr. Xu and Ms. Lai Ho Yan (賴浩恩) ("**Ms. Lai**"). Each of our Authorized Representatives has provided his/her contact details to the Stock Exchange, and will be available to meet with the Stock Exchange within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by phone, facsimile (if applicable) and email. Each of the Authorized Representatives is authorized to communicate on our behalf with the Stock Exchange;

(b) each of the Authorized Representatives has means to contact all of our Directors (including our independent non-executive Directors) and senior management team promptly at all times as and when the Stock Exchange wishes to contact our Directors for any matters. To enhance communication among the Stock Exchange, our Authorized Representatives and our Directors, we have ensured that (i) each

Director has provided his/her respective contact details (including phone number and email address) to the Authorized Representatives; (ii) in the event that a Director expects to travel or is otherwise out of office, he/she will endeavour to provide his/her phone number of the place of his/her accommodation to the Authorized Representatives or maintain an open line of communication via his/her mobile phone; and (iii) each of our Directors has provided his/her respective mobile phone numbers, office phone numbers, email addresses and fax numbers (as applicable) to the Stock Exchange;

(c) our Directors who are not ordinarily resident in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and will be able to meet with the Stock Exchange within a reasonable period of time when required;

(d) we have appointed Rainbow Capital (HK) Limited as our compliance adviser (the "**Compliance Adviser**") pursuant to Rule 3A.19 of the Listing Rules for a period commencing on the [**REDACTED**] and ending on the date on which we comply with Rule 13.46 of the [**REDACTED**] in respect of our financial results for the first full financial year commencing after the [**REDACTED**]. The Compliance Adviser will have access at all times to our Authorized Representatives, our Directors, Supervisors and our senior management as prescribed by Rule 3A.23 of the Listing Rules, who will act as the additional channel of communication with the Stock Exchange when the Authorized Representatives are not available. Our Company shall ensure that our Authorized Representatives, Directors and our senior management members will timely provide such information and assistance as the Compliance Adviser may need or may reasonably request in connection with the performance of the Compliance Adviser's duties as set forth in the Listing Rules. To the extent reasonably practicable and legally permissible, we will keep the Compliance Adviser informed of all communications and dealings between the Stock Exchange and us;

(e) we have provided the Stock Exchange with the names, mobile phone numbers, office phone numbers, fax numbers (if applicable) and email addresses of at least two of the Compliance Adviser's officers who will act as our Compliance Adviser's contact persons between the Stock Exchange and our Company. To the extent reasonably practicable and legally permissible, meetings between the Stock Exchange and our Directors could be arranged through our authorized representatives or the Compliance Adviser, or directly with our Directors within a reasonable time frame. We will inform the Stock Exchange as soon as practicable in respect of any change of the Authorized Representatives and/or the Compliance Adviser;

(f) we will appoint other professional advisers (including legal advisers in Hong Kong) after the [**REDACTED**] to assist us in dealing with any questions which may be raised by the Stock Exchange and to ensure that there will be prompt and effective communication with the Stock Exchange; and

(g) our Company has designated our staff members as the communication officer at our headquarters after the [**REDACTED**] who will be responsible for maintaining day-to-day communication with the Authorized Representatives and our Company's professional advisers in Hong Kong, including our legal advisers in Hong Kong and the Compliance Adviser, to keep abreast of any correspondences and/or enquiries from the Stock Exchange and report to our executive Directors to further facilitate communication between the Stock Exchange and our Company.

WAIVER IN RESPECT OF SHORTER TRADING RECORD PERIOD

Pursuant to Rule 8.05 of the Listing Rules, a new applicant must satisfy either the profit test in Rule 8.05(1) of the Listing Rules or the market capitalization/revenue/cash flow test in Rule 8.05(2) of the Listing Rules or the market capitalization/revenue test in Rule 8.05(3) of the Listing Rules. Each test requires (i) a trading record of not less than three financial years, and (ii) management continuity for at least the three preceding financial years.

Paragraph 2 of Chapter 1.1A of the Guide for New Listing Applicants provides that the Stock Exchange will accept a shorter trading record period on specific circumstances under Rules 8.05A and/or 8.05B of the Listing Rules. Pursuant to Rule 8.05A of the Listing Rules, in the case of the market capitalization/revenue test under Rule 8.05(3), the Stock Exchange will accept a shorter trading record period under substantially the same management as required under Rules 8.05(3)(a) and 8.05(3)(b) if the new applicant is able to demonstrate to the Stock Exchange the satisfaction of the following:

(a) the directors and management of the new applicant have sufficient and satisfactory experience of at least three years in the line of business and industry of the new applicant. Details of such experience must be disclosed in the [**REDACTED**] document of the new applicant; and

(b) management continuity for the most recent audited financial year.

Our Company was established in the PRC in May 2022 by Mr. Xu, our founder, the chairman of the Board, an executive Director, and the Chief Executive Officer. Upon the establishment of the Company, our Company has been operating in the renewable energy and energy storage system industry, with its principal business in the development and provision of DESS solutions (the "**Relevant Line of Business and Industry**") integrating AI and cloud computing technologies. Since May 2023, our Company commenced large-scale commercial production and sales of our products, predominantly our flagship 5-in-1 ESS solution *SigenStor*, and accordingly recorded revenue from its principal activities. As such, the Company has a trading record since May 2023 and year of 2022 and the first five months of 2023 cannot be counted towards the satisfaction of the requirement of a trading record under Rule 8.05(3) of the Listing Rules.

Pursuant to Rule 8.05A of the Listing Rules, we have applied to the Stock Exchange for, and the Stock Exchange [has granted] us, a waiver from strict compliance with the requirements under Rule 8.05(3) of the Listing Rules on the following basis:

(a) The executive Directors and senior management of the Company have sufficient and satisfactory experience of at least three years in the Relevant Line of Business and Industry of the Company. For more details of the experience of our executive Directors and senior management, please refer to the section headed "Directors, Supervisors and Senior Management" of this Document;

(b) the Company has satisfied management continuity for the most recent audited financial year. For the most recent audited financial year and up to the Latest Practicable Date, the operations and development of the Group were primarily led and managed by the core management of the Group, namely Mr. Xu and Mr. Zhang. Details of the biographies of Mr. Xu and Mr. Zhang are set out in the section headed "Directors, Supervisors and Senior Management" of this Document; and

(c) the Company has satisfied the other requirements set out in Rule 8.05(3) of the Listing Rules, namely ownership continuity and control requirement, market capitalization requirement and revenue requirement.

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Xu Yingtong (許映童)	Room 301, No. 6 Lane 1507 Luoshan Road Pudong New Area Shanghai PRC	Chinese
Mr. Zhang Xianmiao (張先淼)	Room 102, No. 16 Lane 902 Zhoudong Road Zhoupu Town Pudong New Area Shanghai PRC	Chinese
Non-executive Directors		
Mr. Sun Guoqing (孫國慶)	Room 2302, Unit 3 Building 9, District 7 Wangjing East Park Chaoyang District Beijing PRC	Chinese
Mr. Wang Lin (王林)	Room 184 No. 199 Wensan Road Xihu District Hangzhou, Zhejiang Province PRC	Chinese
Ms. Yang Ting (楊婷)	Room 301, No. 6 Lane 1507 Luoshan Road Pudong New Area Shanghai PRC	Chinese

Name	Address	Nationality
Independent Non-executive Directors		
Ms. Ng Wing Yan Claudia (伍穎恩)	Room G, 24/F, Tower 21 South Horizons South District, Hong Kong Island Hong Kong	Chinese
Mr. Lin Jinwu (林錦吾)	Room 1001, No. 20 Lane 1950 Siping Road Shanghai PRC	Chinese
Ms. Chen Jijin (陳繼瑾)	Room 1707 No. 666 West Zhongshan Road Changning District Shanghai PRC	Chinese

SUPERVISORS

Name	Address	Nationality
Mr. Liu Qinwei (劉秦維)	Room 103 No. 21, No. 5 Wannan Village Xuhui District Shanghai PRC	Chinese
Ms. Yang Shunxia (楊順霞)	Room 701, Building No. 18 Building No. 5, Lane 88 Lanlian Road Minhang District Shanghai PRC	Chinese
Mr. Zhu Bo (朱博)	Room 601, No. 95, Lane 2, Lane 1028 Xiuyan Road Kangqiao Town Pudong New Area Shanghai PRC	Chinese

For details with respect to our Directors and Supervisors, see "Directors, Supervisors and Senior Management."

PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors	**CITIC Securities (Hong Kong) Limited** 18/F, One Pacific Place 88 Queensway Hong Kong
	BNP Paribas Securities (Asia) Limited 60th Floor and 63rd Floor Two International Finance Centre 8 Finance Street Central Hong Kong

[REDACTED]

[**REDACTED**]

[**REDACTED**]

Legal Advisers to our Company	*As to Hong Kong and United States laws* **Davis Polk & Wardwell** 10/F, The Hong Kong Club Building 3A Chater Road Central Hong Kong *As to PRC law* **Jia Yuan Law Offices** F408 Ocean Plaza 158 Fuxing Men Nei Street Xicheng District Beijing, PRC
Legal Advisers to the Joint Sponsors and the [REDACTED]	*As to Hong Kong and United States laws* **Linklaters** 11th Floor, Alexandra House Chater Road Hong Kong *As to PRC law* **Jingtian & Gongcheng** 34th Floor, Tower 3 China Central Place 77 Jianguo Road Beijing PRC

Reporting Accountants and Independent Auditor	**Ernst & Young** *Certified Public Accountants* *Registered Public Interest Entity Auditor* 27/F, One Taikoo Place 979 King's Road Quarry Bay Hong Kong
Industry Consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** Suite 2504 Wheelock Square 1717 Nanjing West Road Shanghai 200040 PRC
Compliance Adviser	**Rainbow Capital (HK) Limited** Office No. 710, 7/F Wing On House 71 Des Voeux Road Central Central Hong Kong

[**REDACTED**]

CORPORATE INFORMATION

Registered Office	Room 514, 5th Floor No. 175 Weizhan Road Lingang New Area Shanghai Pilot Free Trade Zone Shanghai PRC
Headquarters and Principal Place of Business in the PRC	No. 18, Pujiang Technology Plaza No. 2388, Chenxinggong Road Minhang District Shanghai PRC
Principal Place of Business in Hong Kong	Room 1922, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Company's Website	**www.sigenergy.com** *(The information contained in this website does not form part of this Document)*
Joint Company Secretaries	**Mr. He Bin (賀濱)** *(Member of the Hong Kong Institute of Certified Public Accountant)* Room 514, 5th Floor No. 175 Weizhan Road Lingang New Area Shanghai Pilot Free Trade Zone Shanghai PRC **Ms. Lai Ho Yan (賴浩恩)** *(ACG, HKACG)* Room 1922, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong

CORPORATE INFORMATION

Authorized Representatives	**Mr. Xu Yingtong (許映童)** Room 514, 5th Floor No. 175 Weizhan Road Lingang New Area Shanghai Pilot Free Trade Zone Shanghai PRC
	Ms. Lai Ho Yan (賴浩恩) Room 1922, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Audit Committee	Ms. Chen Jijin (陳繼瑾) *(Chairperson)* Mr. Lin Jinwu (林錦吾) Ms. Yang Ting (楊婷)
Remuneration Committee	Ms. Ng Wing Yan Claudia (伍穎恩) *(Chairperson)* Mr. Zhang Xianmiao (張先淼) Mr. Lin Jinwu (林錦吾)
Nomination Committee	Mr. Xu Yingtong (許映童) *(Chairperson)* Ms. Ng Wing Yan Claudia (伍穎恩) Mr. Lin Jinwu (林錦吾)

[**REDACTED**]

Principal Bank	**China Merchants Bank Co., Ltd.** **Shanghai Branch** No. 1088 Lujiazui Ring Road Pudong New Area Shanghai PRC

The information and statistics presented in this section and other sections of this Document, unless otherwise indicated, were extracted from different official government publications and other publications, and from the industry report prepared by Frost & Sullivan, an independent market research and consulting company that was* [REDACTED] *by us, in connection with the* [REDACTED]. *The information from official government sources has not been independently verified by us, the Joint Sponsors,* [REDACTED], [REDACTED], [REDACTED], [REDACTED], *and* [REDACTED], *any of their respective directors and advisers, or any other persons or parties involved in the* [REDACTED], *and no representation is given as to its accuracy.

SOURCES OF INFORMATION

We engaged Frost & Sullivan, an independent market research consultant, to conduct an analysis of, and to prepare a report on global renewable energy and energy storage system industry for the use in this Document (the "F&S Report"), which was [**REDACTED**] by us for a fee of RMB550,000. In compiling and preparing the F&S Report, Frost & Sullivan adopted the following assumptions: (i) the social, economic and political conditions globally currently discussed will remain stable during the forecast period, (ii) government policies on renewable energy and energy storage system markets in main markets globally will remain consistent during the forecast period, (iii) renewable energy and energy storage system markets will be driven by the factors which are stated in this report in the forecast period. Except as otherwise noted, all of the data and forecasts contained in this section are derived from the F&S Report. The F&S Report has been prepared by Frost & Sullivan independently without any influence from us or other interested parties.

Frost & Sullivan is an independent global consulting firm founded in 1961 in New York and its services include, among others, industry consulting, market strategic consulting and corporate training. Frost & Sullivan conducted (i) primary research, which involved discussing the status of the industry with certain leading industry participants, and interviews with industry experts on a best-effort basis to collect information in aiding in-depth analysis; and (ii) secondary research, which involved reviewing company reports, independent research reports and data based on its own research database.

Our Directors confirm that after taking reasonable care, there has been no adverse change in the market information since the date of the report prepared by Frost & Sullivan which may qualify, contradict or have an impact on the information set forth in this section in any material respect.

GLOBAL ESS MARKET OVERVIEW

Overview of Renewable Energy

Addressing the challenge of climate change has become a shared international goal, with renewable energy playing a pivotal role in achieving carbon neutrality. Renewable energy, derived from virtually inexhaustible natural sources such as solar, wind, and hydropower, has seen a significant rise.

From 2019 to 2023, the global renewable energy cumulative installed capacity increased from 2,554 GW to 3,930 GW, reflecting a CAGR of 11.4%, and is expected to increase from 4,552 GW in 2024 to 9,091 GW in 2029, with a CAGR of 14.8%. As a share of the total global installed capacity for all power generation methods, renewable energy accounted for 35.0% in 2019, a figure that rose to 43.8% by 2023 and is expected to reach 63.6% by 2029. Similarly, electricity generation from renewable sources has also seen substantial growth. From 2019 to 2023, electricity generation from renewable energy sources increased from 6,676 TWh to 8,454 TWh at a CAGR of 6.1%. It is expected to increase from 9,360 TWh in 2024 to 16,121 TWh in 2029, with a CAGR of 11.5%. In terms of its share in global electricity generation, renewable energy represented 25.2% in 2019, which increased to 29.1% by 2023 and is expected to reach 45.0% by 2029. All these factors demonstrate the growing importance of renewable energy in the global power system.

Among renewable energy sources, solar photovoltaic (PV) energy has emerged as the fastest-growing segment. Solar power's installed capacity has expanded rapidly, growing from 586 GW in 2019 to 1,467 GW in 2023, at a CAGR of 25.8%, and is anticipated to reach 5,365 GW by 2029. The applicability and flexibility of solar PV technology have been key drivers of its rapid adoption. From 2019 to 2023, solar PV electricity generation surged from 660 TWh to 1,469 TWh, reflecting a CAGR of 22.2%. This growth is expected to continue, with solar PV generation projected to increase from 1,960 TWh in 2024 to 5,850 TWh in 2029, accounting for 36.3% of total renewable energy generation.

The development of renewable energy has heightened the demand for ensuring energy stability and energy prices stability, as renewable energy such as wind and solar power, often faces issues of intermittency and volatility. Energy storage systems (ESS) help to mitigate the effects of fluctuations associated with renewable energy production, ensuring a more stable and reliable energy supply.

Overview of ESS Market

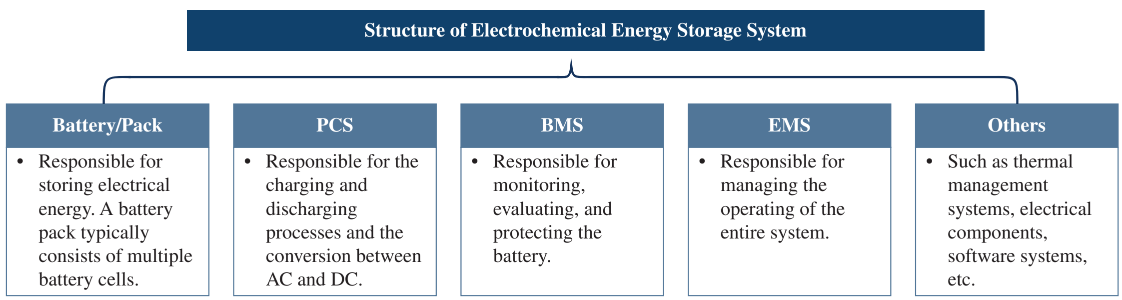
Definition and Classification of ESS Market

Energy storage system (ESS) refers to the device of converting various energy forms from power generating systems into a form that can be stored for converting back to electrical energy when needed. Based on the storage technologies, energy storage systems can be categorized into mechanical energy storage, electromagnetic energy storage, electrochemical energy storage, thermal energy storage, and chemical energy storage. There are two major energy storage technologies.

Mechanical energy storage takes advantage of kinetic or gravitational forces to store inputted energy, including pumped hydro storage, compressed air storage, flywheel storage, etc. Pumped hydro storage is currently the most mature energy storage method in commercial application.

Electrochemical energy storage refers to a variety of secondary battery energy storage technologies and measures, that is, the use of chemical batteries to store electrical energy and release it when needed. Electrochemical energy storage batteries include lithium-ion batteries, lead-acid batteries, sodium-sulfur batteries and flow batteries, among which lithium-ion batteries currently have the dominant position due to cost effectiveness and optimal physical performance. Electrochemical energy storage battery system is mainly composed of ESS battery (in the form of module), battery management system ("BMS"), energy management system ("EMS"), and power conversion system ("PCS").

Structure of Electrochemical Energy Storage System

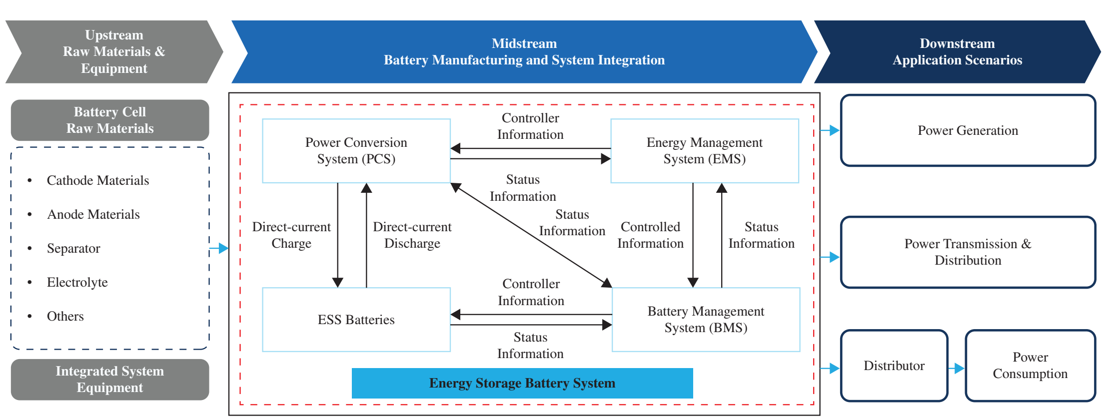


Source: Frost & Sullivan

Value Chain Analysis of ESS Market

The upstream value chain of electrochemical ESS market includes sources and processes of raw materials for battery cells and system equipment, such as cathode materials, anode materials, separator, electrolyte, and etc. The midstream is battery manufacturing and system integration installation, including the production of batteries and system integration featuring PCS and management systems like EMS and BMS. The downstream is application scenarios, including power generation, power transmission & distribution and power consumption.

Value Chain of Electrochemical ESS Market

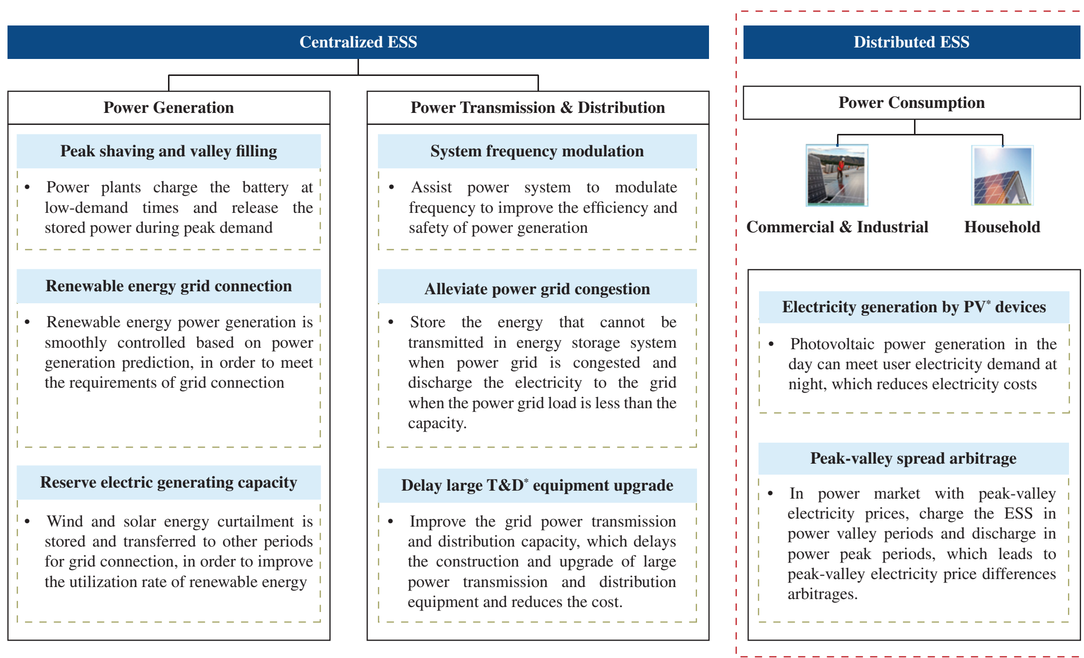


Source: Frost & Sullivan

Application Scenarios of ESS Market

The electrochemical energy storage system can be categorized as centralized ESS and distributed ESS (DESS) based on applicated scenarios. The centralized ESS extensively utilized in power generation, enables peak load leveling, renewable energy grid connection, and reserve electric generating capacity. Moreover, in power transmission and distribution, it supports system frequency modulation, alleviates power grid congestion, and delays extensive T&D equipment upgrades.

Application of Energy Storage System



**Note:* T&D refers to power transmission and distribution. PV refers to photovoltaic.

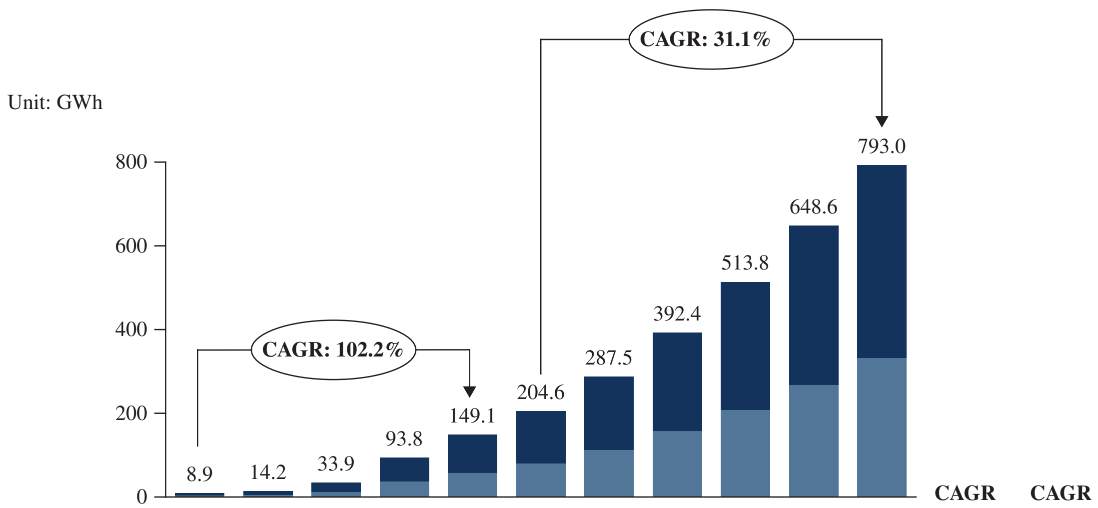
Source: Frost & Sullivan

Market Size of ESS Market

From 2019 to 2023, the global ESS annual shipment increased from 8.9 GWh to 149.1 GWh with a CAGR of 102.2%. In the forecast period, as the global demand for renewable energy continues to increase, the installed capacity of solar PV and wind power grows rapidly, which promotes ESS to be applied in a wider range of scenarios. It is estimated that in 2029, the global ESS annual shipment will be 793.0 GWh, representing a CAGR of 31.1% from 2024 to 2029.

With the ongoing expansion of global large-scale renewable power projects, the annual shipment of global centralized ESS is expected to increase from 125.5 GWh in 2024 to 461.3 GWh in 2029 with a CAGR of 29.7%. In addition, to improve the efficiency of electricity consumption in both commercial and living scenarios, as well as to improve the stability and sustainability of urban electricity consumption, the annual shipment of distributed ESS is expected to reach 331.7 GWh in 2029, with a CAGR of 33.2% from 2024 to 2029.

ESS Annual Shipment (by downstream application), Global, 2019-2029E



	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	**CAGR (19-23)**	**CAGR (24E-29E)**
Centralized ESS	5.8	10.1	23.0	57.2	92.1	125.5	176.0	235.1	306.3	381.8	461.3	99.8%	29.7%
Distributed ESS	3.2	4.1	10.9	36.6	57.0	79.0	111.5	157.3	207.5	266.8	331.7	106.2%	33.2%
Total	8.9	14.2	33.9	93.8	149.1	204.6	287.5	392.4	513.8	648.6	793.0	102.2%	31.1%

Source: Frost & Sullivan

Analysis of Distributed ESS Market

Application Scenarios of DESS Market

Distributed ESS, which includes both commercial and household applications, manages electricity on a temporal basis by peak shaving and valley filling, as well as peak-valley spread arbitrage.

Household energy storage typically refers to the integration of energy production (i.e. solar PV) systems with storage solutions. Using solar PV system as an example, by storing electricity generated from solar panels, the ESS provides power to household users, ensuring self-sufficiency in electricity supply during periods when solar generation is not operational, such as at night or on cloudy days. This setup achieves economic viability by reducing electricity costs.

In the commercial and industrial sectors, the role of energy storage is to reduce electricity costs for businesses and ensure power supply reliability during special circumstances, such as power outages or disruptions. In terms of peak shaving and valley filling, companies can leverage the difference in peak and off-peak electricity prices to arbitrage and thereby achieving economic viability.

Classification of Distributed Energy Storage System

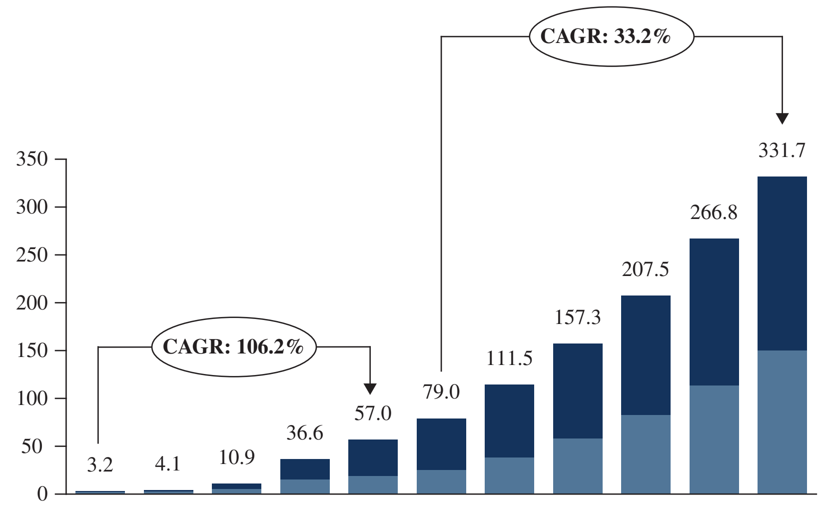
	Household Energy Storage System	Commercial & Industrial Energy Storage System
Scenario	• Residential homes	• Industrial and commercial facilities such as industrial parks, shopping malls, and integrated photovoltaic-charging stations
Core Functions	• Storing electricity • Ensuring self-sufficiency in energy supply	• Peak shaving and valley filling • Serving as a backup power source • Reducing energy consumption and emissions • Ensuring the stability of power supply
Economic Effects	• Peak-valley arbitrage • Cost savings on electricity usage	• Peak-valley arbitrage • Cost savings on electricity usage

Source: Frost & Sullivan

Market Size of DESS Market

Delving into the distributed ESS, household applications accounted for the majority of the annual growth in distributed ESS. Household ESS annual shipment increased from 1.1 GWh to 38.4 GWh, with a CAGR of 144.8% from 2019 to 2023. Looking forward, household ESS annual shipment is expected to reach 181.7 GWh by 2029 with a CAGR of 27.4% from 2024 to 2029. With the growing adoption of ESS in enhancing energy efficiency and sustainability across commercial and industrial operations, the industrial and commercial ESS annual shipment increased from 2.1 GWh in 2019 to 18.6 GWh in 2023, achieving a CAGR of 72.9%. By 2029, industrial & commercial ESS annual shipment is expected to reach 149.9 GWh, reflecting a CAGR of 43.2% from 2024 to 2029.

Distributed ESS Annual Shipment (by downstream application), Global, 2019-2029E

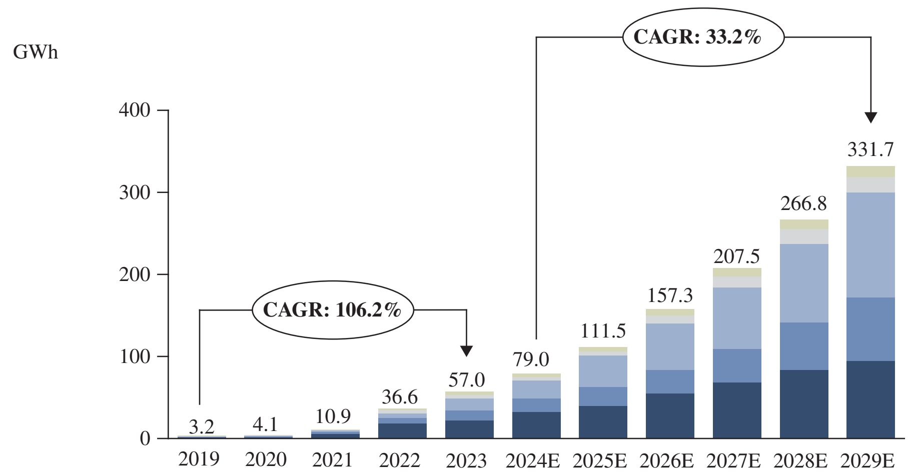


	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	CAGR (19-23)	CAGR (24E-29E)
Household	1.1	1.7	5.5	21.6	38.4	54.2	73.3	99.1	125.1	153.5	181.7	144.8%	27.4%
Commercial & Industrial	2.1	2.4	5.4	15.0	18.6	24.9	38.2	58.2	82.4	113.3	149.9	72.9%	43.2%
Total	3.2	4.1	10.9	36.6	57.0	79.0	111.5	157.3	207.5	266.8	331.7	106.2%	33.2%

Source: Frost & Sullivan

From a regional perspective, the annual shipment of DESS in Europe increased from 0.8 GWh in 2019 to 21.9 GWh in 2023, and is expected to achieve 93.9 GWh in 2029, with a CAGR of 24.2% from 2024 to 2029. In North America, the DESS annual shipment grew from 0.9 GWh in 2019 to 12.0 GWh in 2023, and is expected to reach 77.7 GWh by 2029. APAC (excl. China) saw an increase from 0.8 GWh in 2019 to 4.4 GWh in 2023, and is anticipated to reach 18.6 GWh by 2029. In other regions, DESS annual shipment grew from 0.1 GWh in 2019 to 4.2 GWh in 2023 and is projected to reach 13.1 GWh by 2029.

Distributed ESS Annual Shipment (by region), Global, 2019-2029E



	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	CAGR (19-23)	CAGR (24E-29E)
Europe	0.8	0.9	4.9	18.2	21.9	31.8	39.4	54.7	68.2	83.2	93.9	130.7%	24.2%
North America	0.9	1.4	2.6	6.3	12.0	16.6	23.3	28.8	40.9	57.9	77.7	91.2%	36.2%
China	0.6	0.8	2.0	5.8	14.5	22.5	38.3	56.1	74.6	96.1	128.4	120.5%	41.7%
APAC (excl.China)	0.8	0.8	0.9	4.2	4.4	3.8	4.6	9.8	13.5	18.1	18.6	55.7%	37.4%
Other	0.1	0.2	0.5	2.1	4.2	4.4	5.9	8.0	10.3	11.5	13.1	147.9%	24.4%
Total	3.2	4.1	10.9	36.6	57.0	79.0	111.5	157.3	207.5	266.8	331.7	106.2%	33.2%

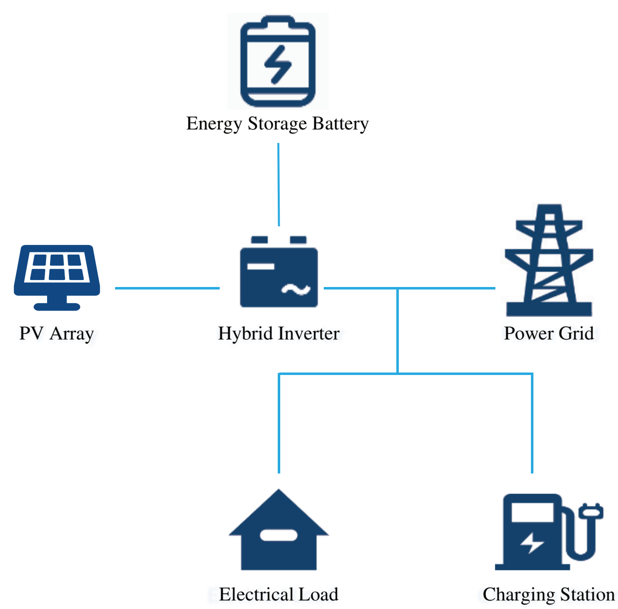
Source: Frost & Sullivan

Overview of Integrated DESS Solution Market

In the DESS market, the combination of solar PV and energy storage system is one of the major applications. Within this context, DESS solutions can be classified into two modes: integrated and non-integrated. Non-integrated DESS solution typically uses an AC-coupled configuration, where the energy storage system (including batteries, PCS, etc.) and the solar PV system (including photovoltaic modules, PV inverters, etc.) operate independently of each other. In contrast, integrated DESS solution usually employs a DC-coupled configuration. This approach refers to the combination of solar photovoltaic systems with energy storage systems to form a comprehensive energy solution, which integrates hybrid inverters, battery packs, BMS and EMS into one energy system.

Integrated DESS solution eliminates the need for additional installation of a PV inverter, reducing initial equipment investment and installation costs, and simplifying the subsequent operation, maintenance, and management. It operates by harnessing solar energy, retaining surplus electricity in storage system, and providing electricity to the load side when needed, which facilitates the use of clean and sustainable energy.

Operation Process of Integrated DESS Solution



Source: Frost & Sullivan

In the early stages of industry development, solar PV as a renewable energy source grew rapidly. As the scale of solar PV power generation expanded, the trend of integrating solar PV with DESS emerged to address the instability of solar power. Currently, due to the high investment cost, installation and maintenance challenges, and limited application scenarios of standalone solar PV and DESS, the market for integrated DESS solutions is growing rapidly. In the future, with the rapid development of the new energy vehicle market and artificial intelligence technology, integrated DESS solutions equipped with AI and charging modules are becoming one of the main trends.

Development History of Integrated DESS Solution

	Phase 1: Solar PV	Phase 2: PV + DESS	Phase 3: Integrated DESS Solution	Future
Industry Challenges	• Traditional electricity systems rely on fossil fuels • Hindering the sustainable development of the global ecosystem	• Increasing capacity of Solar PV • Solar PV power generation is intermittency, variability, and randomness	Traditional solar PV and DESS solutions: • Lack flexibility • Difficult to install • High operation and maintenance cost • Limited application scenarios	• Higher standards in terms of operational safety, power dispatch, maintenance efficiency, and energy utilization rates
Development	• Developing renewable energy technologies, such as solar PV • Rapid development in the industries of solar panels and PV inverters	• Install the DESS to existing solar PV systems • Enhancing the reliability and stability of power supply and improving the efficiency of energy utilization	• Developing integrated DESS solution • Solar panels and storage batteries can be directly connected through hybrid inverters • Reducing equipment investment costs, simplifies the installation process	• Application of AI in the integrated DESS solution • Enables real-time battery status monitoring, remote surveillance, intelligent maintenance, and power demand forecasting, thereby enhancing the performance of energy storage systems • With the development of new energy vehicles, additional charging module can improve energy utilization efficiency
Solution	• Solar PV system (solar panels, PV inverters, etc.)	• Solar PV and DESS (PCS, storage batteries, etc.) • Both systems are capable of working independently	• Integrated DESS (solar panels, hybrid inverters, energy storage batteries, etc.).	• Integrated DESS solution equipped with charging modules and artificial intelligence technology

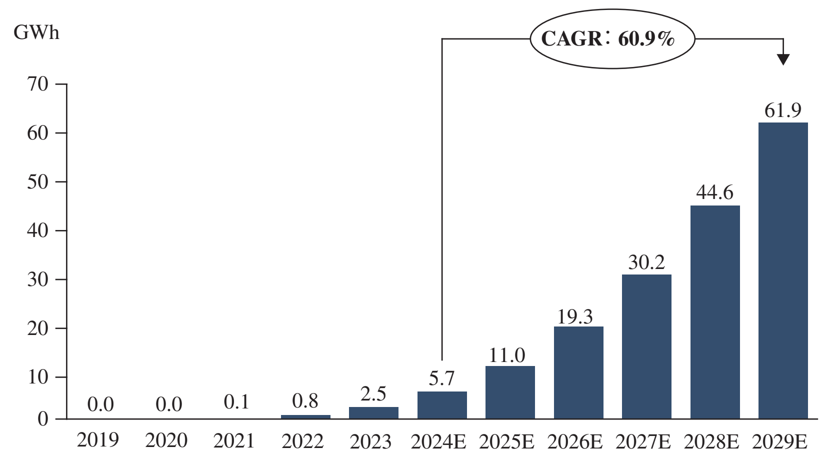
Source: Frost & Sullivan

Overview of All-in-one DESS Solution Market

In the context of integrated DESS solutions, they can be further categorized into all-in-one DESS solutions and split-type DESS solutions. All-in-one DESS solutions refer to the DC-coupled systems where the hybrid inverter, battery packs, battery management system (BMS), and energy management system (EMS) are recognized as an integrated equipment. In contrast, for split-type DESS solutions, the hybrid inverter is typically separated from other key components such as battery packs, EMS, BMS, etc.

From 2021 to 2023, the global shipment of all-in-one DESS solution increased from 0.1 GWh to 2.5 GWh. This upward trend is expected to continue, with the shipment volume anticipated to reach 5.7 GWh in 2024. Moving forward, as the benefits of all-in-one DESS solutions, such as space-saving, efficiency, and enhanced safety, gain broader acceptance, the global shipment of all-in-one DESS solution is forecasted to reach 61.9 GWh by 2029, with a CAGR of 60.9% from 2024 to 2029.

All-in-One DESS Solution Annual Shipment, Global, 2019-2029E



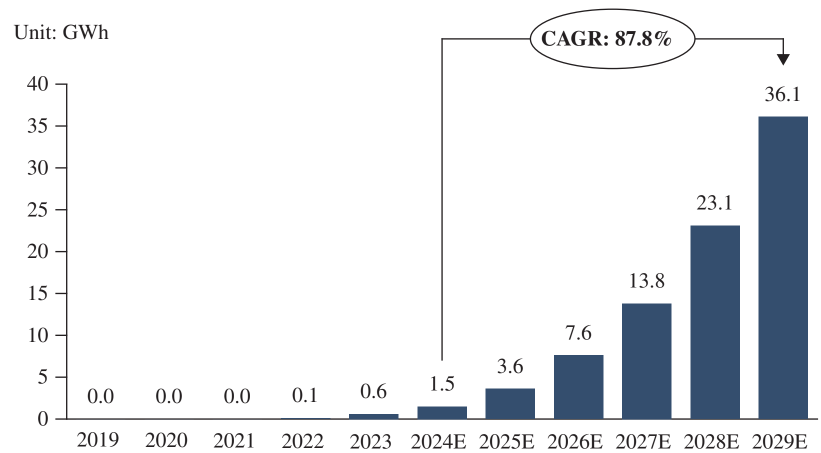
Within all-in-one DESS solutions, there is an additional distinction between stackable all-in-one DESS solutions and non-stackable all-in-one DESS solutions. Stackable all-in-one DESS solution is an innovative new generation of integrated DESS solution, enabling energy independence with high efficiency, savings, flexibility, and resilience. Comparing to the non-stackable all-in-one DESS solutions, the battery modules in this innovative solution are stackable and can be quickly connected, which increases the flexibility of the system and allows the energy storage system to be truly scalable according to the user's storage capacity needs.

Market Size of Global Stackable All-in-one DESS Solution Market

In 2022, a stackable all-in-one DESS solution was launched. From 2022 to 2023, the global shipment of stackable all-in-one DESS solution increased from 0.1 GWh to 0.6 GWh.

As key market players vigorously advocate for stackable all-in-one DESS solution in 2024, the shipment volume is expected to reach 1.5 GWh. Looking ahead, as the advantages of the stackable all-in-one DESS solution in terms of flexibility, efficiency, and ease of maintenance become more widely recognized, as well as their application scenarios continue to expand, the global shipment of stackable all-in-one DESS solution is expected to reach 36.1 GWh in 2029, which a CAGR of 87.8% from 2024 to 2029.

Stackable All-in-One DESS Solution Annual Shipment, Global, 2019-2029E



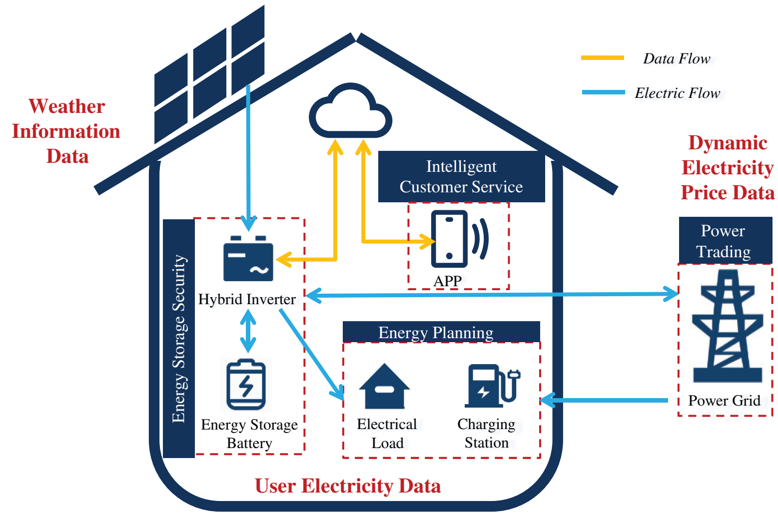
Source: Frost & Sullivan

Application Analysis of AI in DESS Market

The energy industry is rapidly moving towards digitalization and intelligence, with the energy storage industry expected to deeply integrate with AI technology in the future. This integration will not only enhance the efficiency and reliability of energy storage systems but also drive sustainable development and innovation across the entire energy industry.

The establishment of cloud platform systems is one of the keys to integrate the energy storage systems with AI technology. The cloud platform systems, based on cloud-native technologies, possess characteristics such as high concurrency, high reliability, large capacity and low latency. They are capable of interfacing with a vast number of distributed photovoltaic (PV) power generation devices and processing massive amounts of data from energy scenarios such as photovoltaics, energy storage batteries, and charging/discharging. The cloud platform systems can clean and process data from millions of devices, laying a solid foundation for applications in energy security, energy planning, intelligent customer service and power trading.

Application of AI in Distributed Energy Storage System



Source: Frost & Sullivan

AI can improve the safety and stability of the system by means of real-time monitoring, fault early warning and intelligent diagnosis, and at the same time, it can provide intelligent optimization suggestions for energy use based on user behavior, which can reduce costs and increase efficiency in many dimensions, and empower the development of the energy storage industry.

- ***Energy Storage Security.*** The AI can support with analyzing operational and environmental data, identifying parameters, and simulating models to detect early faults and take appropriate maintenance actions. Moreover, it can conduct real-time analysis of system, battery and inverter operation data to identify safety accidents. It can also monitor if abuse thresholds are triggered, issuing an early warning to allow sufficient time for fire protection systems to respond.

- ***Energy Planning.*** AI can leverage machine learning to analyze historical energy usage data, predict energy demand, and adjust strategies in advance to ensure supply-demand balance. By optimizing the charging and discharging strategies of energy storage systems, AI maximizes the utilization of energy resources with intelligent algorithms. Based on users' energy consumption data, AI can generate personalized energy management recommendations and provide technologies to help reduce energy consumption and carbon emission.

- ***Intelligent Customer Service.*** AI customer service can provide 7*24 continuous support, at the same time, AI can locate local service providers and automatically report issues.

- ***Power Trading.*** Artificial intelligence, by offering a wealth of supportive decision-making data and analytical tools, can enhance the quality and profitability of electricity trading decisions. Furthermore, AI technology, through high-frequency real-time response mechanisms, can assist utility companies and consumers in conducting transactions during low-price peak generation periods, thereby optimizing electricity market trading.

Market Drivers of Global ESS and Integrated DESS Solution Market

- ***Development of Renewable Energy.*** Energy storage system is deployed in a wide span of scenarios in power system including power generation, power transmission & distribution, power consumption, etc. In the future, the rapidly growing renewable energy power system construction will lay the solid foundation for the large-scale deployment of energy storage. As the energy transition accelerates, the energy storage system will embrace more opportunities.

- ***Favorable Policies in Various Countries.*** With the "carbon-neutral" target, governments in major economies have released a series of policies to encourage the development of renewable energy and ESS projects. In developed countries such as the US and Europe, governments have released a series of policies to encourage the combination of renewable energy and ESS projects. Chinese government has also taken a series of actions to boost the development of global and China's ESS market. Through China's OBOR initiative, clean energy will also be promoted in more emerging governments, which will in turn support the development of ESS projects in global markets. In the future, the ESS market in various countries will receive more political and regulation support from governments, which will further promote the orderly and sound development of the industry.

- ***Continuous Price and Cost Reduction.*** During the past few years, with the advancement in manufacturing technology, expansion of production scale, intensified competition among manufacturers and the standardization of products, the cost and price of lithium-ion battery storage system have witnessed a significant decreasing trend. In the future, as more market players accumulate experience in R&D and improve the production efficiency, the production cost and other indirect expenses of lithium-ion battery storage system will further decrease, which will further foster the scalable commercialization of lithium-ion battery storage technology.

- ***Energy and Energy Prices Stability.*** Due to economic growth, there has been a consistent increase in the global demand for energy supply and price stability. By storing energy during off-peak hours when electricity prices are low and discharging it during peak hours when prices are high, energy storage systems can effectively flatten demand peaks and fill valleys. This not only reduces electricity costs but also optimizes the power load curve. Stable electricity prices and a reliable supply are crucial for ensuring the stable operation of the economy and society, fostering industrial development, improving the quality of life for residents, and promoting a green and low-carbon transition. Therefore, the global demand for stable energy supply and price stability is driving the rapid growth of the energy storage systems industry.

Development Trends of Global ESS and Integrated DESS Solution Market

- ***Development of Distributed Energy Storage and Integrated Solution.*** ESS is undergoing an expansion from centralized models to distributed models, which are widely applied among household, commercial and industrial users. The application of distributed energy storage contributes to micro-grid construction, which will improve energy utilization efficiency, enhance the reliability of power supply, and facilitate the consumption of renewable energy sources. The integrated ESS solution combines solar arrays, storage systems, and even charging stations. The application of this integrated solution eliminates the need for additional installation of a photovoltaic inverter, simplifying the installation process and reducing both hardware and software costs. This integrated design not only reduces the footprint of the equipment but also enhances the overall efficiency of the system. Moreover, it offers high flexibility, allowing users to configure the battery capacity according to their needs. Therefore, with the rapid development of distributed ESS, the integrated ESS solution is poised for broad development prospects.

- ***Application of Artificial Intelligence in ESS Solution.*** In recent years, with the advancement of technologies, electrochemical energy storage technology will gradually integrate with digital technology and artificial intelligence to improve the performance of system operations. Real-time battery status monitoring allows for the early prevention of potential risks, enhancing the safety of energy storage systems. Additionally, comprehensive monitoring of electricity prices, meteorological data, and electricity usage enables smart power planning, achieving cost savings on electricity usage. Moreover, it can provide users with real-time AI intelligent services, improving the speed of demand response. Overall, the combination of artificial intelligence and energy storage systems will further promote the continuous development of the electrochemical energy storage industry.

- ***Safety Performance Improvement.*** With the rapid development of electrochemical energy storage technology, safety will play a more and more essential role in the installation and operation. In spite of the increasing popularity, the electricity market mechanism is not yet improved for the application of lithium-ion battery energy storage, which results in serious security risks. In the future, governments across various nations will persist in establishing comprehensive safety assessment standards for the electrochemical energy storage system, which may usher in a new round of industry reshuffle and further improve the performance of energy storage systems.

- ***Developing Approach of Large Capacity Cells.*** The ESS battery industry has a significant trend towards cells with increased capacities, enhanced safety, and extended longevity. Energy storage batteries with large capacity possess several advantages, including improved energy density, reduced pack assembly components, and enhanced integration and assembly process efficiency. With the expanding capacities of ESS batteries, there is a corresponding reduction in production costs such as transportation, installation, and construction, leading to a comprehensive optimization of the entire energy storage system.

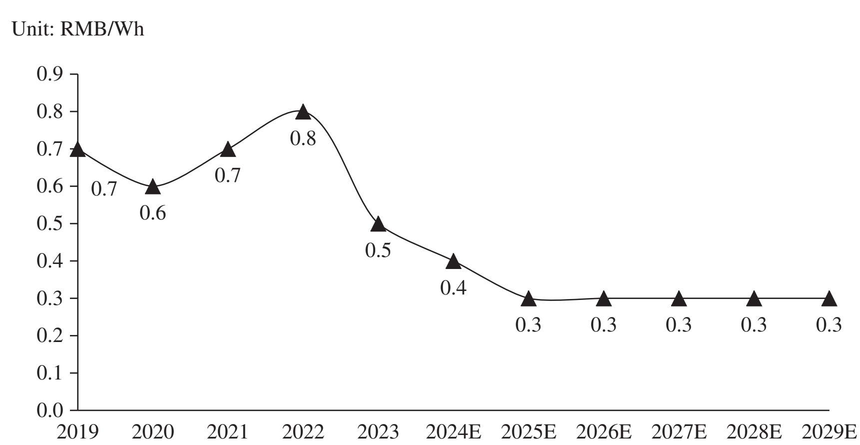
- ***Continuous Price and Cost Reduction.*** With the advancement of manufacturing technologies, expansion of production scale, standardization of products and intensified competition among manufacturers, the production cost and selling price of lithium-ion batteries have witnessed a decreasing trend. In the future, as most of the market players will accumulate experience in R&D and simplify manufacturing procedures, the production cost and other indirect expenses will decrease further, which will further foster the scalable commercialization of electrochemical energy storage technology.

Raw Materials Price Analysis of ESS Market

The price of lithium-ion battery cells is one of the key factors determining the cost of energy storage systems. From 2019 to 2020, the cost of raw materials for lithium-ion battery cells saw a significant reduction, which in turn led to a decrease in the price of these cells. Specifically, the price of ESS battery cell decreased from 0.7 RMB/Wh in 2019 to 0.6 RMB/Wh in 2020. However, in 2021 and 2022, the rising price of raw materials, caused a corresponding increase in the price of ESS battery cells, from 0.7 RMB/Wh to 0.8 RMB/Wh. In 2023, the decline in raw material costs and intense competition within China's ESS battery industry led the price of ESS battery cells to decline sharply in 2023 to 0.5 RMB/Wh.

Looking ahead, the economy of scale is anticipated to lower the manufacturing costs, and it is expected to see a continued reduction in the price of ESS battery cells. It is estimated that in 2029, the price of ESS battery cells will decline to 0.3 RMB/Wh. This trend is pivotal for enhancing the cost-effectiveness of ESS solutions, which could, in turn, lead to a wider adoption of ESS technology.

Price of ESS Battery Cells, China, 2019-2029E



Source: Frost & Sullivan

COMPETITIVE ANALYSIS OF GLOBAL STACKABLE ALL-IN-ONE DESS SOLUTION MARKET

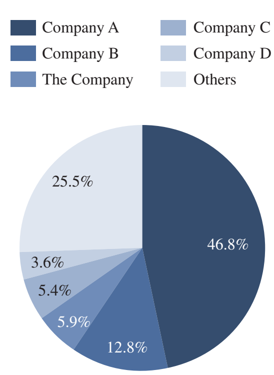
Competitive Landscape of Global Stackable All-in-one DESS Solution Market

The global stackable all-in-one DESS solution market is dominated by Chinese companies. Since the global stackable all-in-one DESS solution market is an emerging market, the competition landscape is still uncertain. Therefore, companies with advantages in technology, products, channels, and talents are expected to further expand their market share during the forecast period.

Ranking and Market Share Analysis of Global All-in-one DESS Solution Market

The all-in-one DESS solution market is highly concentrated, with the top 5 all-in-one DESS solution companies accounting for 74.5% of total shipment in the global in 2024Q1-Q3. The Company is the third largest all-in-one DESS solution company in terms of shipment in 2024Q1-Q3, with shipment of 231 MWh, accounting for 5.9% of the market.

Ranking and Market Share of All-in-one DESS Solution, Global, 2024Q1-Q3



Rank	Company	Shipment (MWh)	Market Share
1	Company A	1,823	46.8%
2	Company B	497	12.8%
3	**The Company**	**231**	**5.9%**
4	Company C	210	5.4%
5	Company D	142	3.6%
	Others	988	25.5%
	Total	**3,891**	**100.0%**

Note:

Company A established in 2003 is a company listed on NASDAQ and headquartered in Texas and main products include electric vehicles, solar energy products, and energy storage solutions.

Company B established in 2018 is a company headquartered in Staffordshire, and providing premium energy management solutions, engineering and manufacturing a portfolio of electronic equipment designed to manage energy use and production.

Company C established in 2012 is a company headquartered in Jiangsu, and providing comprehensive new energy smart solutions for households, industrial and commercial plant, power stations and others.

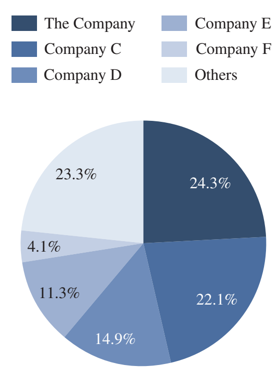
Company D established in 2012 is a company listed on SSE and headquartered in Zhejiang, and main products include integrated energy storage inverters and intelligent battery management systems.

Source: Frost & Sullivan

Ranking and Market Share Analysis of Global Stackable All-in-one DESS Solution Market

The stackable all-in-one DESS solution market is highly concentrated, with the top 5 stackable all-in-one DESS solution companies accounting for 76.7% of total shipment in the global in 2024Q1-Q3. The Company is the largest stackable all-in-one DESS solution company in terms of shipment in 2024Q1-Q3, with shipment of 231 MWh, accounting for 24.3% of the market.

Ranking and Market Share of Stackable All-in-one DESS Solution, Global, 2024Q1-Q3



Rank	Company	Established Year	1st Launch Year of Stackable all-in-one	Shipment (MWh)	Market Share
1	**The Company**	**2022**	**2023**	**231**	**24.3%**
2	Company C	2012	2022	209	22.1%
3	Company D	2012	2023	142	14.9%
4	Company E	2013	2022	108	11.3%
5	Company F	2005	2023	39	4.1%
	Others			221	23.3%
	Total			**950**	**100.0%**

Note:

Company E established in 2013 is a company headquartered in Guangdong, and providing digital energy solutions, energy storage inverters.

Company F established in 2005 is a company headquartered in Guangdong, and providing professional solar power solutions and advanced solar inverters.

Source: Frost & Sullivan

Ranking of ESS Companies Achieved USD100 Million Annual Revenue

In the China ESS market, the Company is the fastest ESS company to achieve USD100 million annual revenue since establishment. Other top ESS companies by number of years that taken to achieve USD100 million annual revenue since establishment to the end of 2024 are Company G, Company H, Company I and Company E.

Top 5 ESS Companies Achieved USD100 Million Annual Revenue (by number of years taken to achieve USD100 million annual revenue since establishment), China, by the end of 2024

Rank	Company	Established Year	Number of Years Achieved USD100 Million Annual Revenue since Establishment, by the end of 2024
1	**The Company**	**2022**	**2**
2	Company G	2012	5
3	Company H	2018	5
4	Company I	2010	7
5	Company E	2013	7

Note: The rankings only included companies that publicly disclose annual reports or prospectuses.

Company G established in 2012 is a company listed on SSE and headquartered in Jiangsu, focusing on the research and development, production and sales of lithium and battery materials, battery management systems and power storage systems.

Company H established in 2018 is a company listed on SZSE and headquartered in Guangdong, offering a range of energy solutions, including hybrid inverters, battery cabinets, and all-in-one battery energy storage systems.

Company I established in 2010 is a company listed on SSE and headquartered in Jiangsu, manufacturer and innovator of solar inverters, energy storage solutions and PV building materials for residential and business markets.

Source: Frost & Sullivan

Entry Barriers of Global Stackable All-in-one DESS Solution Market

- ***Technology Barrier.*** The stackable all-in-one DESS solution combines high-tech hardware and intelligent software. While ensuring technical standards and specifications are met to achieve system safety and reliability, it is necessary to use AI technology to achieve efficient integration and collaborative control. Therefore, innovation capabilities and technical accumulation are indispensable.

- ***Capital Barrier.*** High investment costs, long capital occupation time and continuous investment are reflections of capital barriers. The stackable all-in-one DESS solution involves significant investments in areas such as hybrid inverters, battery packs, and AI technologies, which require substantial funding. In addition, the operation cycle and the capital occupation time are lengthy. Upgrades and technology iterations also require continuous investment, which further raises the capital threshold.

- ***Talent Barrier.*** Since the stackable all-in-one DESS solution industry is characterized by integration, cross-disciplinary team building and compound talent training are challenging. However, cross-field team building is highly dependent on long-term R&D experience and the training cycle of compound talents is also longer. Therefore, the talent barrier is higher than in other new energy fields.

- ***Channel Barrier.*** The sales and installation of products in the stackable all-in-one DESS solution industry require professional distributors and installers. Currently, there are only a limited number of qualified distributors and installers in the market, who often have established long-term and stable cooperative relationships with existing leading companies. Therefore, it is difficult for new entrants to quickly establish stable sales channels, which in turn affects market entry and expansion.

OVERVIEW

This section provides a summary of the key laws and regulations (i) applicable to our operations in the PRC, where our business activities are primarily concentrated, and (ii) in the European Union (EU), where we currently generate the majority of our revenue through a local subsidiary.

PRC LAWS AND REGULATIONS

This subsection sets out a summary of the most significant aspects of laws and regulations in the PRC which are material to our business operations, but it does not include a detailed analysis of PRC laws related to our business activities and operations in the PRC, or serve as all PRC laws applicable to our operations in the PRC.

Principal Regulatory Authorities

We develop and provide innovative energy solutions for both homes and businesses, and are subject to the supervision of the National Development and Reform Commission (the "**NDRC**"), the National Energy Administration (the "**NEA**") and the Ministry of Industry and Information Technology of the PRC (the "**MIIT**").

The main functions undertaken by the NDRC include: formulating and implementing strategies on national economic and social development; medium and long-term development plans and annual plans, coordinating economic and social development, working on the coordination and solution of major economic concerns and adjusting economic operation.

The main functions undertaken by the NEA include: drafting draft laws and regulations for review and approval and regulations on energy development and related supervision and management, formulating and organizing the implementation of energy development strategies, plans and policies, promoting the reform of the energy system, formulating relevant reform programmes and coordinating major issues in energy development and reform.

The main functions undertaken by the MIIT include: proposing development strategies and policies for new-type industrialization, coordinating and resolving major issues in the process of new-type industrialization, formulating and organizing the implementation of development plans for the industry, communications industry and information technology, and promoting the strategic adjustment and optimization and upgrading of the industrial structure.

Regulations on Foreign Investment and Industrial Polices

According to the Energy Law of the People's Republic of China (《中華人民共和國能源法》) promulgated by the Standing Committee of the National People's Congress (the "**SCNPC**") on 8 November 2024 and brought into effect on January 1, 2025, China promotes the improvement of energy utilization efficiency, encourages the development of distributed energy and integrated energy services such as multi-energy complementary and multi-energy combined supply, actively promotes market-based energy conservation services such as contractual energy management, and raises the level of cleaner, lower-carbon, more efficient and smarter end-use energy consumption.

According to the Energy Conservation Law of the PRC (《中華人民共和國節約能源法》) promulgated by SCNPC on 1 November 1997 and latest amended on 26 October 2018, China encourages the development, production and use of energy saving and environmentally friendly cars, motorbikes, railway locomotives, ships and other transport vehicles, and implements the elimination and upgrading system to old transport vehicles. In addition, China encourages the development, expansion and use of clean fuels and petroleum alternative fuels by transport vehicles.

According to the Guiding Opinions on Promoting the Development of the Energy Electronics Industry (《關於推動能源電子產業發展的指導意見》), which were jointly promulgated by the MIIT and other five departments on January 3, 2023, and came into effect on the same day, energy electronics industry is the generic term of electronic information technologies and products that produce energy, serve energy and apply energy, mainly including new energy storage batteries and other fields. One of the development goals set out in these Opinions is to develop safe and economical new energy storage batteries, which means tackling key problems in the industrialization of new-type energy storage batteries shall be strengthened and the large-scale application of advanced energy storage technologies and products shall be promoted.

According to the New Energy Storage Development Plan During China's "14th Five-Year Plan" Period (《"十四五"新型儲能發展實施方案》) jointly promulgated by the NDRC and the NEA on January 29, 2022, by 2025, new energy storage will expand from the initial stage of commercialization to the stage of scale development and be ready for large-scale commercial application. By 2030, new energy storage will be developed on a fully market-oriented basis, and diversified technology development will be promoted.

According to the 14th Five-Year Plan for Modern Energy System (《"十四五"現代能源體系規劃》) which was promulgated by the NDRC and the NEA on January 29, 2022, the PRC government will actively promote the large-scale exploitation and high-quality development of photovoltaic power and improve the pricing mechanism of photovoltaic power. Specifically, the PRC government will actively promote the construction of distributed photovoltaic projects in the eastern and central China and other regions and the construction of clean energy bases in western China.

According to the Guiding Opinions on Accelerating the Development of New Energy Storage (《關於加快推動新型儲能發展的指導意見》), which were jointly promulgated by the NDRC and the NEA on July 15, 2021 and came into effect on the same day, the PRC will strive to build a clean, low-carbon, safe and efficient energy system, and seek to drive down the cost and advance the commercial-scale application of more mature new energy storage technologies, in an effort to achieve carbon peak and carbon neutrality. By 2025, it will realize the transition from the early stage of commercialization to scale development of new energy storage. By 2030, it will realize the full market-oriented development of new energy storage, and new energy storage will become one of the key supports for carbon peak and carbon neutrality in the energy sector.

According to the Notice of the 14th Five-Year Plan for Circular Economy Development (《"十四五"循環經濟發展規劃的通知》), which was issued by the NDRC on July 1, 2021 and came into effect on the same day, in order to vigorously develop circular economy, promote resource conservation and intensive use, and build a resource recycling industrial system and recycling system of waste materials.

According to the Outline of the 14th Five-Year Plan for National Economic and Social Development and Long-Range Objectives for 2035 (《中華人民共和國國民經濟和社會發展第十四個五年規劃和2035年遠景目標綱要》) approved by the National People's Congress ("**NPC**") and brought into effect on March 12, 2021, from 2021 to 2025, China will promote the energy revolution, accelerate the development of non-fossil energy, vigorously increase the scale of photovoltaic power generation, and increase the proportion of non-fossil energy consumption in total energy consumption to about 20%.

Regulations on Foreign Investment

On January 1, 2020, the Foreign Investment Law of the People's Republic of China (《中華人民共和國外商投資法》) (hereinafter referred to as "**Foreign Investment Law**") promulgated by the National People's Congress on March 15, 2019 came into effect and the Law of the People Republic of China on Chinese-Foreign Equity Joint Ventures (《中華人民共和國中外合資經營企業法》), the Law of the People's Republic of China on Foreign-funded Enterprises (《中華人民共和國外資企業法》) and the Law of the People's Republic of China on Chinese-Foreign Contractual Joint Ventures (《中華人民共和國中外合作經營企業法》) were repealed. Since then, the Foreign Investment Law has become the basic law regulating foreign-invested enterprises wholly or partly funded by foreign investors. The organization form and structure and operating rules of foreign-invested enterprises are subject to the provisions of the Company Law of the People's Republic of China (《中華人民共和國公司法》), and other applicable laws. China has implemented a management system of pre-establishment national treatment plus a negative list for foreign investment and replaced the previous system of approval and filing for the establishment and change of foreign-invested enterprises. The pre-establishment national treatment refers to granting to foreign investors and their investments, in the stage of investment access, the treatment no less favorable than that granted to domestic investors and their investments; the negative list refers to special administrative measures for access of foreign investment in specific fields as stipulated by China. China provides national treatment to foreign investment beyond the negative list. The Foreign Investment Law, while strengthening the promotion and protection of investment, further standardizes the management of foreign investment and proposes the establishment of foreign investment information reporting system, which replaces the approval and filing system for foreign investment enterprises by the Ministry of Commerce of the People's Republic of China (the "**MOFCOM**"). Foreign investment information reporting is subject to the Measures for Foreign Investment Information Reporting (《外商投資信息報告辦法》) jointly formulated by the MOFCOM and the State Administration for Market Regulation and coming into effect on January 1, 2020. According to the Measures for Foreign Investment Information Reporting, foreign investors who directly or indirectly invest in China shall submit the investment information to competent departments for commerce through the enterprise registration system and the national enterprise credit information publicity system; the reporting formats are divided into initial report, change report, cancellation report, annual report, etc.

On September 6, 2024, the NDRC promulgated the Special Administrative Measures for Access of Foreign Investment (Negative List) (2024 Edition) (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the "**2024 Negative List**"), which has come into effect on November 1, 2024. Pursuant to the 2024 Negative List, our business is not listed in industries where foreign investment is prohibited or restricted. Domestic industrial development mainly follows the relevant industrial structure guidelines proposed by the NDRC. Foreign investors and foreign-invested enterprises investing in China shall comply with the Catalogue of Industries for Encouraging Foreign Investment (2022 edition) (《鼓勵外商投資產業目錄(2022年版)》), which was promulgated by the NDRC and the MOFCOM on October 26, 2022 and came into effect on January 1, 2023. Pursuant to the Catalogue, the manufacturing of 5-in-1 ESS solution involved in our Company's operation falls within the scope of industries in which foreign investment is encouraged.

Regulations on Import and Export of Goods

The Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》) was promulgated by the SCNPC on May 12, 1994, which was most recently amended on December 30, 2022 and came into effect on the same date. Before December 30, 2022, any foreign trade business operator engaged in the import and export of goods or technologies must go through the record filing and registration formalities with the MOFCOM or the agency entrusted by the MOFCOM, however, according to the latest amendment, such record filing and registration formalities are no longer required from December 30, 2022.

According to the Customs Law of the PRC (《中華人民共和國海關法》) promulgated by the SCNPC on January 22, 1987 and last amended on April 29, 2021, the General Administration of Customs of the PRC (the "**GACC**") is Chinese entry and exit customs supervision and administration authority. According to the relevant laws and administrative regulations, the Customs supervises the transportation vehicles, goods, luggage, postal articles and other articles entering and leaving the country, collects customs duties and other taxes and fees, prevents and counters smuggling, compiles customs statistics and handles other customs operations. Customs declaration entities refer to the consignees and consignors of import and export goods and customs declaration enterprises recorded with the customs. The consignee or the consignor of imports or exports may complete the declaration formalities for inspection on its own or by entrusting a declaration agency enterprise to complete the declaration formalities for inspection and complete the filing formalities with the immigration inspection and quarantine authorities in accordance with the law.

According to the Provisions on the Administration of Recordation of Customs Declaration Entities of the PRC (《中華人民共和國海關報關單位備案管理規定》) promulgated by the GACC on November 19, 2021 and came into effect on January 1, 2022, customs declaration entities mean consignees or consignors of imports and exports and customs declaration enterprises which have filed record with the Customs pursuant to these Provisions. Consignees or consignors of imports and exports and customs declaration enterprises applying for filing shall obtain market entity qualification; in the case of consignees or consignors of imports and exports applying for filing, they shall also complete filing formalities for foreign trade business operators. According to the Notice by the Department of Enterprise Management and Audit-Based Control of the General Administration of Customs of Matters Concerning the Recordation of the Consignees and Consignors of Imported and Exported Goods, promulgated on January 3, 2023 and took effect on the same day, a consignee or consignor of imported or exported goods who applies for recordation shall be qualified as a market entity and is not required to complete such filing formalities for foreign trade business operators.

Regulations on Product Quality and Consumers Protection

According to the Product Quality Law of the PRC (《中華人民共和國產品質量法》) promulgated by the SCNPC on February 22, 1993 and last amended on December 29, 2018, the market supervision and administration department under the State Council is in charge of the national supervision of product quality, a manufacturer is prohibited from producing or selling products that do not meet applicable standards and requirements for safeguarding human health and ensuring human and property safety. Products must be free from unreasonable dangers threatening human and property safety. Where a defective product causes physical injury to a person or property damage, the aggrieved party may make a claim for compensation from the producer or the seller of the product. Producers and sellers of non-compliant products may be ordered to cease the production or sale of the products and could be subject to confiscation of the products and/or fines. Earnings from sales in contravention of such standards or requirements may also be confiscated, and in severe cases, an offender's business license may be revoked.

According to the Consumers Rights and Interests Protection Law of the PRC (《中華人民共和國消費者權益保護法》), which took effect on January 1, 1994 and was last amended on October 25, 2013, business operators should guarantee that the products and services they provide satisfy the requirements for personal or property safety, and provide consumers with authentic information about the quality, function, usage and term of validity of the products or services. Where business operators have discovered any defect in the goods or services they provided, which may endanger personal or property safety, they shall forthwith report to relevant administrative authorities and notify consumers, and adopt measures such as suspension of selling, alerts, recalls, decontamination, destruction, and suspension of manufacturing or services. In the case where recall measures are adopted, the business operator shall bear necessary expenses incurred by consumers resulting from the recall of goods. Violations of the Consumers Rights and Interests Protection Law may result in a warning, the confiscation of illegal income, and the imposition of fines. In addition, the relevant business operator will be ordered to suspend its operations, have its business license revoked, and have criminal liability incurred in serious cases.

Regulations on Production Safety

According to the Work Safety Law of the PRC (《中華人民共和國安全生產法》) promulgated on June 29, 2002, last amended on June 10, 2021 with effect on September 1, 2021, business entities shall strengthen their work safety management, enhance work safety conditions, promote work safety standardization and improve work safety levels. Entities which cannot meet the safety conditions prescribed by laws, regulations and national or industry standards shall not engage in production or other business activities. To ensure work safety rules are observed in the production process, business entities shall establish and improve their work safety responsibility systems and work safety policies which specify responsible person(s) at each position, the scope of duties and evaluation criteria. Business entities shall provide their employees with labor protection equipment and work safety training. Where the primary person-in-charge of a business entity fails to perform his or her duties in respect of work safety, he or she would be subject to legal liabilities, depending on the seriousness of the relevant work safety accidents.

Regulations Relating to Environmental Protection

According to the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》) (the "**Environmental Protection Law**") promulgated by the SCNPC on December 26, 1989, and last amended on April 24, 2014 and came into effect on January 1, 2015, any entity that discharges or will discharge pollutants in the course of operation or other activities must implement effective environmental protection measures to control and properly handle hazardous substances such as waste gas, waste water, waste residues, dust, malodorous gases, radioactive substances, noise, vibration and electromagnetic radiation generated in the course of such activities. China implements a pollutant discharge permit management system in accordance with the law.

Construction Projects

According to the Regulation on the Administration of Environmental Protection of Construction Projects (《建設項目環境保護管理條例》) promulgated by the State Council on November 29, 1998, amended on July 16, 2017 and came into effect on October 1, 2017, the Interim Measures for Environmental Protection Acceptance Examination Upon Completion of Construction Projects (《建設項目竣工環境保護驗收暫行辦法》), which was promulgated by the Ministry of Environmental Protection (dissolved) on November 20, 2017 and came into effect on the same day, and the Environmental Impact Assessment Law of the People's Republic of China (《中華人民共和國環境影響評價法》), which was promulgated by the SCNPC on December 29, 2018 and came into effect on the same day, the PRC implements a system to assess the environmental impact of construction projects. The construction entity shall submit an environmental impact report or an environmental impact statement for approval prior to the commencement of the construction project, or an environmental impact registration form as required by the environmental protection administrative department of the State Council for record. In addition, after the completion of a construction project for which an environmental impact report or an environmental impact statement has been prepared, the construction entity shall, in accordance with the standards and procedures prescribed by the competent administrative department of environmental protection under the State Council, conduct acceptance checks on the supporting environmental protection facilities and prepare an acceptance report. For construction projects that are constructed in phases or put into production or used in phases, the corresponding environmental protection facilities shall be inspected and accepted in phases. The construction projects can only be put into production or use after the completed supporting environmental protection facilities have passed the acceptance inspection. Facilities that have not been carried out or have not passed the acceptance examination shall not be put into production or use.

Atmospheric Pollution

According to the Atmospheric Pollution Prevention and Control Law of the PRC (《中華人民共和國大氣污染防治法》) promulgated by the SCNPC on September 5, 1987, which was last amended on October 26, 2018 and came into effect on the same day, enterprises, public institutions, and other business entities shall, according to relevant provisions and monitoring norms of China, monitor the industrial waste gases and the toxic and hazardous atmospheric pollutants listed in the catalogue mentioned in Article 78 of the Atmospheric Pollution Prevention and Control Law of the PRC they have discharged, and preserve the original monitoring records. Enterprises and public institutions discharging industrial waste gases or the toxic or hazardous atmospheric pollutants listed in the aforementioned catalogue and other entities subject to pollutant discharging licensing administration shall obtain a pollutant discharge license. In addition, when building projects that have an impact on atmospheric environment, enterprises, public institutions, and other business entities shall conduct environmental impact assessments and publish the environmental impact assessment documents in accordance with the law; when discharging pollutants to the atmosphere, they shall conform to the atmospheric pollutant discharge standards and abide by the total quantity control requirements for the discharge of key atmospheric pollutants.

Water Pollution

According to the Water Pollution Prevention and Control Law of the PRC (《中華人民共和國水污染防治法》) promulgated by the SCNPC on May 11, 1984, which was last amended on June 27, 2017 and came into effect on January 1, 2018, an enterprise or public institution or other business entity which directly or indirectly discharges industrial waste water or medical sewage to waters or waste water or sewage that may be discharged after a pollutant discharge license has been obtained as required shall obtain a pollutant discharge license. In addition, construction, renovation and expansion projects and other upper-water facilities that directly or indirectly discharge pollutants to water are subject to environmental impact assessment in accordance with the law. Facilities for water pollution prevention are required to be designed, constructed and put into operation simultaneously with the main part of the project.

Solid Waste

According to the Law of the PRC on Prevention and Control of Environmental Pollution Caused by Solid Wastes (《中華人民共和國固體廢物污染環境防治法》) promulgated by the SCNPC on October 30, 1995, which was last amended on April 29, 2020 and came into effect on September 1, 2020, any entity or individual that produces, collects, stores, transports, utilizes, or disposes solid wastes shall take measures to prevent or reduce environmental pollution caused by solid wastes, and be liable for resultant environmental pollution in accordance with the law. In addition, construction projects where solid wastes are generated or projects for storage, utilization or disposal of solid wastes shall be subject to environmental impact assessment in accordance with the law. Facilities for the prevention and control of solid wastes are required to be designed, constructed and put into use simultaneously with the main part of the construction project.

Noise Pollution

According to the Law of the PRC on Prevention and Control of Pollution From Noise (《中華人民共和國噪聲污染防治法》), which was promulgated by the SCNPC on December 24, 2021 and came into effect on June 5, 2022, the emission of noise and generation of vibration shall comply with the noise emission standards, the relevant ambient vibration control standards and the requirements of relevant laws, regulations and rules. In addition, the construction, renovation or expansion of projects that might cause environmental noise pollution shall be subject to environmental impact assessment in accordance with the law. Facilities for prevention and control of environmental noise pollution must be designed, constructed and put into use simultaneously with the main part of a construction project. Before a construction project is put into production or use, the construction employer shall, in accordance with the provisions of relevant laws and regulations, conduct the acceptance check of the supporting facilities for noise pollution prevention and control, work out the acceptance check report, and release it to the public. The construction project may not be put into production or use before its acceptance check is carried out or if it fails to pass its acceptance check.

Pollution Permit

According to the Environmental Protection Law and the Regulation on the Administration of Pollutant Discharge Licensing (《排污許可管理條例》), which was promulgated by the State Council on January 24, 2021, and came into effect on March 1, 2021, enterprises, business units and other producers and operators that implement the pollutant discharge licensing management shall discharge pollutants according to the requirements of the pollutant discharge license, and shall not discharge pollutants without obtaining the pollutant discharge license. The competent environmental protection authorities impose various administrative penalties on individuals or enterprises in violation of the Environmental Protection Law.

Regulations on Fire Prevention

According to the Fire Prevention Law of the PRC (《中華人民共和國消防法》), which was promulgated on April 29, 1998 and last amended on April 29, 2021, the construction entities shall apply to the administrative authority of housing and urban-rural construction for fire protection acceptance check upon completion of the construction projects that are subject to fire protection acceptance check as stipulated by the administrative authority of housing and urban-rural construction of the State Council. For other construction projects, the construction entities shall file with the administrative authority of housing and urban-rural construction after the acceptance, and the administrative authority of housing and urban-rural construction shall conduct random inspection.

Regulations on Internet Information Security and Privacy Protection

On November 7, 2016, the SCNPC promulgated the Cybersecurity Law of PRC (《中華人民共和國網絡安全法》) (the "**Cybersecurity Law**"), effective as of June 1, 2017, which applies to the construction, operation, maintenance and use of networks as well as the supervision and administration of cybersecurity in the PRC. The Cybersecurity Law defines "network" as a system comprising computers or other information terminals and relevant facilities used for the purpose of collecting, storing, transmitting, exchanging and processing information in accordance with specific rules and procedures. No individual or organization may engage in activities that threaten cybersecurity such as unlawful intrusion into others' networks, interfering with the normal functions of others' network and stealing network data, provide programs or tools for such intrusions, interference or stealing, or provide any assistance such as technical support, advertisement, payment or settlement for any other person if the individual or organization is fully aware that such person engages in an activity endangering cybersecurity.

On June 10, 2021, the SCNPC promulgated the PRC Data Security Law (《中華人民共和國數據安全法》) (the "**PRC Data Security Law**"), which took effect in September 2021. The PRC Data Security Law introduces a data classification and hierarchical protection system based on the materiality of data in economic and social development, as well as the degree of harm it will cause to national security, public interests, or legitimate rights and interests of persons or entities when such data is tampered with, destroyed, divulged, or illegally acquired or used. It also provides for a security review procedure for the data activities which may affect national security.

On August 20, 2021, the SCNPC promulgated the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》) (the "**Personal Information Protection Law**"), which took effect from 1 November 2021. The Personal Information Protection Law stipulates, among other things, the circumstances under which a personal information processor could process personal information, including: (i) with the consent of individual; (ii) if necessary for the execution or performance of a contract to which the individual is a party, or for the implementation of human resources management in accordance with the labor rules and regulations formulated in accordance with the law and the collective contract concluded in accordance with the law; (iii) if necessary to fulfil statutory duties and statutory obligations; (iv) in order to respond to public health emergencies or protect natural persons' life, health and property safety under emergency circumstances; (v) such information that has been made public is processed within a reasonable scope in accordance with this law; (vi) personal information is processed within a reasonable scope to conduct news reporting, public opinion-based supervision, and other activities in the public interest; or (vii) under any other circumstance as provided by any law or regulation.

On December 28, 2021, the Cyberspace Administration of China (the "**CAC**") and other twelve PRC regulatory authorities jointly revised and promulgated the Measures for Cybersecurity Review (《網絡安全審查辦法》) (the "**Cybersecurity Review Measures**"), which has come into effect on 15 February 2022. The Cybersecurity Review Measures provides that critical information infrastructure operators (the "**CIIOs**") procuring network products or services, and the network platform operators (the "**Network Platform Operators**") engaging in data processing activities, which affects or may affect national security shall be subject to the cybersecurity review by the Cybersecurity Review Office (網絡安全審查辦公室), the department which is responsible for the implementation of cybersecurity review under the CAC. The Cybersecurity Review Measures also provides that the Network Platform Operators with personal information data of more than one million users that seek for [**REDACTED**] in a foreign country are obliged to apply for a cybersecurity review by the Cybersecurity Review Office.

On September 24, 2024, the State Council released the Regulation on Network Data Security Management (《網絡數據安全管理條例》), which has come into force on January 1, 2025. The Regulation on Network Data Security Management is not only the first at the administrative regulation level specifically for network data security, but it also serves as a comprehensive implementing regulation for the compliance requirements set out by the Cybersecurity Law, the PRC Data Security Law, and the Personal Information Protection Law. The Regulation on Network Data Security Management introduces several key obligations, including requiring network data handlers to specify the purpose and method of personal information processing, as well as the types of personal information involved, before any personal information is handled. It also clarifies definitions for important data, outlines the obligations of those handling important data, establishes broader contractual requirements for data sharing between data handlers, and introduces a new exemption for regulatory obligations regarding cross-border data transfers.

Regulations on Intellectual Property

Patent

According to the Patent Law of the PRC (《中華人民共和國專利法》), which was promulgated by the SCNPC on March 12, 1984, last amended on October 17, 2020 and came into effect on June 1, 2021, and the Implementation Regulations for the Patent Law of the PRC (《中華人民共和國專利法實施細則》), which promulgated by the State Council on December 21, 1992, last amended on December 11, 2023 and came into effect on January 20, 2024, patents are divided into 3 categories, i.e. inventions, utility models and designs. The validity period of patents for inventions is 20 years, while the validity period of patents for utility models is 10 years, and the validity period of patents for designs is 15 years, all starting from the next date of application.

Trademark

The Trademark Law of the PRC (《中華人民共和國商標法》), which was promulgated by the SCNPC on August 23, 1982, last amended on April 23, 2019 and came into effect on November 1, 2019, and the Implementation Rules of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》), which was promulgated by the State Council on August 3, 2002, last amended on April 29, 2014 and came into effect on May 1, 2014, stipulate the application, examination and approval, renewal, alternation, transfer, use and invalidation of trademark registration, and protect the trademark rights entitled to trademark registrants. According to the aforesaid laws and regulations, the registration of a trademark shall be valid for ten years from the date of approval. If there is a continued need for the use of the trademark, a renewal shall be made in accordance with requirements within 12 months before the expiry of the trademark registration. If the renewal is not made within the stipulated period, the valid period may be extended for a further period of six months. Each renewal of registration of a trademark shall be valid for ten years from the date of the expiry of the previous trademark registration. A trademark registrant may license others the right to use his/her trademark by entering into a trademark license agreement.

Copyright

According to the Copyright Law of the PRC (《中華人民共和國著作權法》), which was promulgated by the SCNPC on September 7, 1990, last amended on November 11, 2020 and came into effect on June 1, 2021, and the Implementation Rules of the Copyright Law of the PRC (《中華人民共和國著作權法實施條例》), which was promulgated by the State Council on August 2, 2002 and last amended on March 1, 2013, works of Chinese citizens, legal persons or unincorporated organizations, i.e. intellectual achievements in the field of literature, art and science that are original and can be expressed in a certain form, whether published or not, are entitled to copyright in accordance with the Copyright Law. Copyright includes a series of personal and property rights such as the right of publication, the right of authorship, the right of modification, the right to protect the integrity of the work and the right of reproduction.

According to the Regulations on the Computer Software Protection (《計算機軟件保護條例》), which was promulgated by the State Council on December 20, 2001, last amended on January 30, 2013 and came into effect on March 1, 2013, and the Measures for the Computer Software Copyright Registration (《計算機軟件著作權登記辦法》), which were promulgated by the National Copyright Administration on February 20, 2002 and last amended on June 18, 2004, the National Copyright Administration shall be the competent governmental authority for the nationwide administration of software copyright registration and the Copyright Protection Center of China is designated as the software registration authority which shall grant registration certificates to the computer software copyrights applicants according to aforesaid Regulations and Measures.

Domain Names

According to the Administrative Measures for Internet Domain Names (《互聯網域名管理辦法》), which was promulgated by the MIIT on August 24, 2017 and came into effect on November 1, 2017, the establishment of domain name root servers and domain name root server operation institutions, domain name registration management institutions and domain name registration service institutions within the territory of the PRC shall obtain permission from the MIIT or the communications administration department of the province, autonomous region or municipality directly under the central government. The principle of "first come, first served" applies to domain name registration service. The Notice of the Ministry of Industry and Information Technology on Regulating the Use of Domain Names in Internet Information Services (《工業和信息化部關於規範互聯網信息服務使用域名的通知》), which was promulgated by the MIIT on November 27, 2017 and came into effect on January 1, 2018, stipulates the obligations of Internet information service providers and other entities to combat terrorism and maintain network security.

Trade Secrets

According to the PRC Anti-Unfair Competition Law (《中華人民共和國反不正當競爭法》), promulgated by the SCNPC in September 1993, most recently amended on April 23, 2019, the term "trade secrets" refers to technical and business information that is unknown to the public, has utility, may create business interests or profits for its legal owners or holders, and is maintained as a secret by its legal owners or holders. Under the PRC Anti-Unfair Competition Law, businesses are prohibited from infringing others' trade secrets by: (1) acquiring a trade secret from the right holder by theft, bribery, fraud, coercion, electronic intrusion, or any other means; (2) disclosing, using, or allowing another person to use a trade secret acquired from the right holder by any means as specified in the item (1) above; (3) disclosing, using, or allowing another person use a trade secret in its possession, in violation of its confidentiality obligation or the requirements of the right holder for keeping the trade secret confidential; (4) abetting a person, or tempting another person into or in acquiring, disclosing, using, or allowing another person to use the trade secret of the right holder in violation of his or her non-disclosure obligation of the requirements of the right holder for keeping the trade secret confidential. If a third party knows or should have known of the above-mentioned illegal conduct but nevertheless obtains, uses or discloses trade secrets of others, the third party may be deemed to have committed a misappropriation of the others' trade secrets. The parties whose trade secrets are being misappropriated may petition for administrative corrections, and regulatory authorities may stop any illegal activities and fine infringing parties.

Pursuant to the provisions of the Criminal Law of the PRC (《中華人民共和國刑法》), which was amended by the SCNPC on December 29, 2023 and came into effect on March 1, 2024, for obtaining business secrets from a business secret owner or the user authorized by a business secret owner ("obligee") by stealing, bribery, fraud, coercion, electronic intrusion or other illegitimate means; disclosing, using, or allowing others to use the business secrets obtained from the obligee by means mentioned in the preceding paragraph; in violation of the confidentiality obligation or against the obligee's requirements for keeping business secrets, disclosing, using, or allowing another person to use the business secrets he has, whoever commits any of the above-mentioned acts of infringing on business secrets and the consequences are serious shall be sentenced to fixed-term imprisonment of not more than three years and shall also, or shall only, be fined; if the consequences are especially serious, he shall be sentenced to fixed-term imprisonment of not less than three years but not more than ten years and shall also be fined.

Regulations on Employment, Social Insurance and Housing Provident Fund

Employment

According to the Labor Law of the PRC (《中華人民共和國勞動法》) promulgated by the SCNPC on July 5, 1994 and last amended on December 29, 2018, the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) promulgated by the SCNPC on June 29, 2007, which was last amended on December 28, 2012 and came into effect on July 1, 2013, and the Implementing Regulations of the Labor Contracts Law of the PRC (《中華人民共和國勞動合同法實施條例》) promulgated by the State Council on September 18, 2008 and came into effect on the same day, labor relationships between employers and employees must be executed in written form. Employers are prohibited from forcing employees to work above certain time limits and employers must pay employees for overtime work in accordance with national regulations. In addition, employee wages must not be lower than local standards on minimum wages and must be paid to employees in a timely manner.

According to the Notice on Issues relating to Confirmation of Labor Relationship (《關於確立勞動關係有關事項的通知》) promulgated by the Ministry of Labor and Social Security (dissolved) on May 25, 2005 and came into effect on the same day, a labor relationship shall be deemed to be concluded under the following circumstances, even if the employer does not enter into a written contract with the worker, (i) the employer and the worker satisfy the requirements on eligibility prescribed by the laws and regulations, (ii) the employer has, in accordance with the law, formulated such labor regulations and requirements which apply to the worker; the worker is subject to labor management by the employer and engages in remunerated labor work arranged by the employer, and (iii) the labor provided by the worker is a component of the employer's business.

Social Insurance

The PRC Social Insurance Law (《中華人民共和國社會保險法》) (the "**Social Insurance Law**"), promulgated by the SCNPC on October 28, 2010 and last amended on December 29, 2018, has established social insurance systems of basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance and maternity insurance and has elaborated in detail the legal obligations and liabilities of employers who fail to comply with relevant laws and regulations on social insurance. According to the Social Insurance Law and the Provisional Regulations on Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》), which was promulgated by the State Council on January 22, 1999, last amended on March 24, 2019 and came into effect on the same day, enterprises shall register social insurance with local social insurance and pay or withhold relevant social insurance for or on behalf of its employees. Any employer that fails to make social insurance contributions may be ordered to rectify the non-compliance and pay the required contributions within a prescribed time limit and be subject to a late fee. If the employer still fails to rectify the failure to make the relevant contributions within the prescribed time, it may be subject to a fine ranging from one to three times the amount overdue.

Housing Provident Fund

According to the Regulation on the Administration of Housing Provident Fund (《住房公積金管理條例》) promulgated by the State Council on April 3, 1999, and last amended on March 24, 2019, enterprises must register at the designated administrative centers and open bank accounts for depositing employees' housing provident fund. Employers and employees are also required to pay and deposit housing provident fund, with an amount no less than 5% of the monthly average salary of the employee in the preceding year in full and on time. In case of overdue payment or underpayment by employers, orders for payment within a specified period will be made by the housing fund management center. Where employers fail to make payment within such period, enforcement by the people's court will be applied. In case of failure to register and open accounts for depositing employees' housing provident fund, the housing fund management center shall order employers to go through the formalities within a specified period, where employers fail to do such formalities within the prescribed time, a fine of not less than RMB10,000 nor more than RMB50,000 shall be imposed.

Regulations Relating to Taxation

Enterprise Income Tax

According to the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得税法》) amended by the SCNPC and becoming effective on December 29, 2018, and the Regulations on the Implementation of the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得税法實施條例》) amended by the State Council and becoming effective on April 23, 2019, an enterprise, which is established within the territory of PRC according to law or established as per the laws of a foreign country (region) but has an actual management office within the territory of PRC, is a resident enterprise. A resident enterprise shall pay enterprise income tax for the income derived from both inside and outside the PRC at a rate of 25%. An enterprise income tax preference shall be granted to industries and projects strongly supported and encouraged by China; an enterprise income tax shall be levied on high-tech enterprises at a reduced rate of 15%.

Value-added Tax

Pursuant to the Provisional Regulations of the People's Republic of China on Value-added Tax (《中華人民共和國增值稅暫行條例》) amended by the State Council and becoming effective on November 19, 2017, and the Detailed Rules for the Implementation of the Provisional Regulations of the People's Republic of China on Value-added Tax (《中華人民共和國增值稅暫行條例實施細則》) amended by the Ministry of Finance on October 28, 2011, and becoming effective on November 1, 2011, all taxpayers engaging in sale of goods, provision of processing services, repairs and replacement services, sales services, intangible assets, real estate or importation of goods within the territory of PRC shall pay value-added tax. A tax rate of 17% shall apply for general taxpayers selling goods and services, leasing tangible movable assets or importing goods, while the applicable rate for the export of goods by taxpayers shall be nil, unless otherwise stipulated.

According to the Notice of the Ministry of Finance and the State Administration of Taxation on Adjusting Value-added Tax Rates (《財政部、稅務總局關於調整增值稅稅率的通知》) which was promulgated by the Ministry of Finance and the State Taxation Administration on April 4, 2018 and coming into effect on May 1, 2018, the tax rates of 17% and 11% applicable to any taxpayer's VAT taxable sale or import of goods are adjusted to 16% and 10%, respectively. According to the Announcement on Relevant Policies for Deepening the Value-added Tax Reform (《關於深化增值稅改革有關政策的公告》) promulgated by the Ministry of Finance, the State Taxation Administration and the General Administration of Customs on March 20, 2019 and becoming effective on April 1, 2019, the value added tax rates were adjusted to 13% and 9%, respectively. According to the Announcement of the Ministry of Finance and the State Administration of Taxation on Adjusting Export Tax Rebate Policy (《財政部 稅務總局關於調整出口退稅政策的公告》) promulgated by the Ministry of Finance, the State Taxation Administration on November 15, 2024 and becoming effective on December 1, the export tax rebate rates for some certain photovoltaic products and batteries were reduced from 13% to 9%.

Regulations on Foreign Exchange

According to the Foreign Exchange Administration Regulations of the PRC (《中華人民共和國外匯管理條例》) promulgated on January 29, 1996 and amended on January 14, 1997 and August 5, 2008, the RMB is generally freely convertible for current account items, including the distribution of dividends, trade and service related foreign exchange transactions, but not for capital account items, such as direct investment, loan, repatriation of investment and investment in securities outside the PRC, unless the prior approval of the State Administration of Foreign Exchange (the "**SAFE**") or its designated banks is obtained.

According to the Notice of the State Administration of Foreign Exchange on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) promulgated on June 9, 2016, the settlement of foreign exchange receipts under the capital account (including but not limited to foreign exchange capital and external debts and funds recovered from overseas [**REDACTED**]) may convert from foreign currency into RMB on a self-discretionary basis. The ratio of the discretionary exchange rate of foreign exchange receipts under the domestic capital account is tentatively set at 100%. The SAFE may adjust the above ratio in due course according to the balance of payment status.

According to the Notice of the State Administration of Foreign Exchange on Further Promoting Cross-border Trade and Investment Facilitation (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》) which was promulgated on October 23, 2019 and amended by SAFE Notice on Further Deepening the Reform to Facilitate Cross-border Trade and Investment (《國家外匯管理局關於進一步深化改革促進跨境貿易投資便利化的通知》) which was promulgated on December 4, 2023, foreign-invested enterprises engaged in non-investment business are permitted to settle foreign exchange capital in RMB and make domestic equity investments with such RMB funds according to the law on the condition that the current Special Administrative Measures for Access of Foreign Investment (Negative List) are not violated and the relevant domestic investment projects are genuine and in compliance with laws.

Regulations Related to Overseas Securities Offering and Listing by Domestic Enterprises

On February 17, 2023, the China Securities Regulatory Commission (the "**CSRC**") issued the Trial Measures for the Administration of Overseas Securities Offering and Listing by Domestic Enterprises (《境內企業境外發行證券和上市管理試行辦法》) (the "**Trial Measures for Administration**") and the 5 ancillary guidelines, which have come into effect since March 31, 2023. The trial measures comprehensively improve and reform the current regulatory system for overseas offering and listing of securities by domestic enterprises, and regulate the direct and indirect offering and listing of securities overseas by domestic enterprises through the adoption of a regulatory system based on filing. According to the Trial Measures for Administration, overseas listing and offering shall not be permitted under any of the following circumstances, where: (i) listing and financing is specifically prohibited by the laws, administrative regulations or relevant national regulations of the PRC; (ii) overseas offering and listing may endanger national security as determined by the relevant competent department of the State Council after examination in accordance with the laws; (iii) a domestic enterprise or its controlling shareholder or de facto controller has committed a criminal crime of corruption, bribery, embezzlement of property, misappropriation of property or disrupting the economic order of the socialist market in the last three years; (iv) a domestic enterprise is under investigation according to the laws for being suspected of crimes or major violations of laws and regulations and but no clear conclusion has been made; or (v) there is a major dispute over ownership of the equity interests held by the controlling shareholder or the shareholder controlled by the controlling shareholder or the de facto controller.

According to the Trial Measures for Administration, the issuer shall submit the required filing documents to the CSRC within three working days after the overseas listing application is submitted to the relevant overseas regulator or listing venue. Once the filing documents are complete and in compliance with the stipulated requirements, the CSRC will, within 20 working days, conclude the review procedure and publish the filing results on the CSRC website. To the extent the filing documents are incomplete or do not conform to stipulated requirements, the CSRC will, within five working days upon receipt of filing documents, request supplementation and amendment to the filing. Then the issuer has 30 days to prepare any requested supplemented/amended filing. In addition, following the listing in an overseas market, the issuer shall submit a report to the CSRC within three working days after the occurrence and public disclosure of the following events involving the issuer: (1) change of control; (2) investigations or sanctions imposed by overseas regulators; (3) change of listing status or transfer of listing market; and (4) voluntary or involuntary delisting.

On February 24, 2023, the CSRC and other relevant government authorities promulgated the Provisions on Strengthening Confidentiality and Archives Administration for Overseas Securities Offering and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the "**Confidentiality Provisions**"), which became effective from March 31, 2023. Pursuant to Confidentiality Provisions, a domestic enterprise must obtain approval from the competent departments with the authority to examine and approve, in accordance with the laws, and file a record with the administrative department for confidentiality at the same level, when providing or publicly disclosing, or providing or public disclosing through its overseas listed entities, documents and information involving secrets of China and work secrets of the organizations of China to relevant securities companies, securities service institutions, overseas regulatory authorities, and other entities and individuals. Domestic enterprises shall perform relevant procedures in compliance with the relevant provisions of China when providing accounting files or copies of accounting files to relevant securities companies, securities service institutions, overseas regulatory authorities, and other entities and individuals. The working papers generated domestically by securities companies and securities service institutions, which provide services in respect of overseas offering and listing for domestic enterprises, shall be stored within the territory. Those that need to transmit working papers outbound shall go through examination and approval formalities in accordance with the relevant provisions of China.

EU LAWS AND REGULATIONS

Directive 2014/35/EU (Low Voltage Directive)

Under Directive 2014/35/EU (Low Voltage Directive), which took effect on April 20, 2016, electrical equipment between 50 – 1000V AC and 75 – 1500V DC must meet essential safety requirements as detailed in the directive.

The Directive lays down the responsibilities of manufacturers, importers and distributors regarding the sale of electrical equipment designed for use within certain voltage limits:

– all electrical equipment on sale in the EU must bear the CE conformity marking to show it meets all the essential safety requirements of EU legislation;

– before obtaining the CE marking, the manufacturer must conduct a safety and conformity assessment, establish the technical documentation demonstrating the compliance of the equipment and issue and sign an EU declaration of conformity;

– importers must check whether manufacturers have carried out the conformity assessment procedure correctly and inform the authority monitoring safety if they consider that equipment does not conform to the essential safety requirements;

– the EU declaration of conformity and the technical documentation must be kept for 10 years;

– instructions and safety information must be written in a language easily understood by end users as determined by the national regulatory authority;

– manufacturers and importers must indicate their contact details on their electrical equipment;

Regulation (EU) 2016/631 (establishing a network code on requirements for grid connection of generators)

This Regulation came into effect on May 17, 2016.

It applies to power-generating modules and regulates the minimum periods for which a power-generating module must be capable of operating on different frequencies, deviating from a nominal value, without disconnecting from the network. The grid operator applies the applicable standards to power-generating modules. These modules cannot connect to the grid unless they meet the conditions of the Regulation.

Inverters are type A power-generating modules as defined in the Regulation. Approved type A modules are reflected in the grid operators' national network codes.

Regulation (EU) 2024/1252 (European Critical Raw Materials Act)

The Regulation (EU) 2024/1252 was published on May 3, 2024. Its general objective is to improve the functioning of the internal market by establishing a framework to ensure the Union's access to a secure, resilient, and sustainable supply of critical raw materials, including by fostering efficiency and circularity throughout the value chain.

It aims to diversify the Union's imports of strategic raw materials (e.g., lithium, manganese, graphite, and nickel) to ensure that, by 2030, the Union's annual consumption of each strategic raw material at any relevant stage of processing can rely on imports from several third countries (e.g., China) and that no third country accounts for more than 65 % of the Union's annual consumption of such a strategic raw material.

Regulation (EU) 2023/1542 (European Battery Regulation)

Regulation (EU) 2023/1542 has been applied since 18 February 2024 to all batteries, including industrial batteries, starting, lighting and ignition batteries, batteries for light means of transport (LMT), portable batteries and all-electric vehicle (EV) batteries. The regulation applies to energy storage systems.

It regulates the targets for lithium recovery from waste batteries — 50% by the end of 2027 and 80% by the end of 2031 — which can be amended to take into account market and technological developments and the availability of lithium.

It also sets out targets for the recovery of cobalt, copper, lead and nickel — 90% by the end of 2027 and 95% by the end of 2031.

The Regulation also regulates minimum levels of recycled content for industrial batteries, starting, lighting and ignition batteries and EV batteries — 16% for cobalt, 85% for lead, 6% for lithium and 6% for nickel from August 18, 2031.

Furthermore, recycling efficiency targets are set out — 80% for nickel-cadmium batteries, 75% for lead-acid batteries, 65% for lithium-based batteries and 50% for other waste batteries, by the end of 2025; for lead-acid batteries and lithium-based batteries, additional higher targets are set from the end of 2030.

Waste Electrical and Electronic Equipment Directive (WEEE) 2012/19/EU:

This applicable Directive came into effect on August 13, 2012 and aims to protect the environment and human health by encouraging sustainable production and consumption. It applies to electrical equipment. This is equipment dependent on electric currents or electromagnetic fields to work properly and equipment for generating, transferring, and measuring such currents and fields, designed for use with a voltage rating not exceeding 1,000 volts for alternating current and 1,500 volts for direct current.

It regulates that distributors are responsible for ensuring that when supplying a new product, the waste product can be returned to the distributor free of charge on a one-to-one basis as long as the equipment is of equivalent type and has fulfilled the same functions as the supplied equipment.

Producers and/or distributors might also be required to provide some information, e.g., in the instructions for use, at the point of sale, and through public awareness campaigns.

Directive 2024/1275 (Energy Performance Building Directive)

This Directive came into effect on January 1, 2025.

The Directive sets rules for EV charging infrastructure in office and residential buildings that are not publicly accessible. Member States shall ensure that recharging points are capable of smart recharging and, where appropriate, bidirectional recharging and that they are operated based on non-proprietary and non-discriminatory communication protocols and standards, in an interoperable manner and in compliance with any European standards and delegated acts adopted under Article 21(2) and (3) of Regulation (EU) 2023/1804 (Alternative Fuels Regulation).

Directive (EU) 2014/30 (EMC-Directive)

This Directive came into effect on April 18, 2014 and aims to ensure that electrical and electronic equipment complies with adequate electromagnetic compatibility in the European Union.

This Directive regulates the following obligations:

Importers must check whether manufacturers have conducted conformity assessments correctly and inform the national body responsible for market surveillance if they consider that the apparatus does not conform with the essential requirements. They must also ensure that the manufacturer has drawn up the technical documentation, that the apparatus bears the CE marking and that the required documents and information accompany it.

Distributors must verify that the apparatus bears the CE marking and is accompanied by the required documents and information.

All necessary documentation must be kept for 10 years.

Manufacturers, importers and distributors must provide information and documentation to demonstrate conformity in a language easily understood by the competent national authority.

Manufacturers and importers must indicate their postal address on the apparatus or, where that is not possible, on its packaging or in a document accompanying the apparatus.

Directive 2014/53 (Radio Equipment Directive)

This Directive came into effect on June 13, 2016. It establishes a regulatory framework for making radio equipment available on the EU market and putting it into service in the EU. Wi-Fi and 4G communication modules that are part of our products are considered to be radio equipment per the directive.

The directive regulates radio equipment product safety. The products' Wi-Fi and 4G communication modules must meet the essential requirements in Article 3 and be constructed to operate by the frequency regulations of at least one member state.

Before placing radio equipment on the EU market, Sigenergy will need to ensure that the manufacturer has carried out the appropriate conformity assessment procedure and that the radio equipment is so constructed that it can be operated in at least one Member State without infringing applicable requirements on the use of radio spectrum. They shall ensure that the manufacturer has drawn up the technical documentation, that the radio equipment bears the CE marking and is accompanied by the information and documents referred to in Article 10(8), (9) and (10), and that the manufacturer has complied with the requirements set out in Article 10(6) and (7).

As of August 1, 2024, the communication modules need to meet the cybersecurity requirements of the directive in Article 3(3), point d. The directive requires that Radio equipment does not harm the network or its functioning nor misuse network resources, thereby causing an unacceptable degradation of service.

Regulation (EU) 2024/2847 (Cyber Resilience Act)

This Regulation will apply as of December 11, 2027. It lays down:

(a) rules for the making available on the market of products with digital elements to ensure the cybersecurity of such products;

(b) essential cybersecurity requirements for the design, development and production of products with digital elements and obligations for economic operators in relation to those products concerning cybersecurity;

(c) essential cybersecurity requirements for the vulnerability handling processes put in place by manufacturers to ensure the cybersecurity of products with digital elements during the time the products are expected to be in use, and obligations for economic operators in relation to those processes; and

(d) rules on market surveillance, including monitoring and enforcing the rules and requirements in this Article.

"Products with digital elements" are software or hardware products with remote data processing solutions (e.g. a mobile app and back-end).

Regulation (EU) 2023/2854 (Data Act)

This Regulation will apply as of September 12, 2025. It lays down harmonised rules on:

(a) the making available of product data and related service data to the user of the connected product or related service;

(b) the making available of data by data holders to data recipients;

(c) the making available of data by data holders to public sector bodies, the Commission, the European Central Bank and Union bodies, where there is an exceptional need for those data for the performance of a specific task carried out in the public interest;

(d) facilitating switching between data processing services, introducing safeguards against unlawful third-party access to non-personal data, and

(e) the development of interoperability standards for data to be accessed, transferred and used.

A 'connected product' is an item that obtains, generates or collects data concerning its use or environment and that can communicate product data via an electronic communications service, physical connection or on-device access and whose primary function is not the storing, processing or transmission of data on behalf of any party other than the user.

Our products are in scope as data is generated concerning their use and communicated via a back-end to an app.

OVERVIEW

Our Company was established in the PRC with limited liability on May 24, 2022. On January 13, 2025, our Company was converted into a joint stock limited company with a registered capital of RMB22,156,188 and was renamed as Sigenergy Technology Co., Ltd. (思格新能源(上海)股份有限公司).

Under the leadership of our Founder, Mr. Xu, the Chairman of the Board, an executive Director and our Chief Executive Officer, two years after our founding, we have become the world's No. 1 provider of stackable all-in-one DESS solutions as measured by product shipments according to Frost & Sullivan. For more details of Mr. Xu, please see the section headed "Directors, Supervisors and Senior Management."

MILESTONES

The following table summarizes our key milestones since our establishment:

Time	Milestone
May 2022	Our Company was established in the PRC.
June 2022	We conducted the series seed financing of RMB5 million.
July-December 2022 .	We conducted the series A1 to A3 financings of RMB540 million in total.
March 2023	We received the Red Dot Design Award for *SigenStor*.
June 2023	Our global brand and product were officially launched.
September 2023	Our "AI + Solar Storage and Charging" factory was accredited as the "Smart Factory" by the Lingang New Area Management Committee of Shanghai.
November 2023	We launched Sigen AI features on our *mySigen* App.
December 2023	We conducted the series B financing of RMB140 million.
January 2024	We conducted the series B1 financing of RMB30 million.
April 2024	We received the Red Dot Design Award for our Sigen EV AC charger.

Time	Milestone
June 2024	We launched comprehensive solutions tailored for commercial and industrial (C&I) applications, and we plan to launch new offerings for C&I and utility-scale power station scenarios. We implemented the world's first all-in-one V2X solution.
August 2024	We were named as the "High-quality Energy Storage Enterprise in 2024" at Solar PV & Energy Storage World Expo.
September 2024.	We launched *Sigen Cloud* management platform.

OUR MAJOR SUBSIDIARIES

Set forth below are details of each of our major subsidiaries which made a material contribution to our results of operations during the Track Record Period. All of them had been wholly owned by the Company since their establishment and up to the Latest Practicable Date.

Name of subsidiary	Place of incorporation	Registered/Issued share capital	Date of incorporation and commencement of business	Principal business
Shanghai Sigenergy (上海思格源)	PRC	RMB100 million	December 7, 2022	Research, development and manufacturing of products
Sige Cloud (上海思格雲)	PRC	RMB10 million	September 5, 2022	Sales of products
Jiangsu Sigenergy (江蘇思格)	PRC	RMB100 million	July 5, 2024	Manufacturing of products
Sigenergy Technology (Hong Kong) Limited	Hong Kong	US$1	March 2, 2023	Sales of products
Sigenergy Technology B.V.	Netherlands	EUR100,000	August 16, 2023	Sales of products
PointGuard Energy Inc.	United States	US$10,000	August 15, 2023	Sales of products

For share capital changes of our subsidiaries during the two years immediately preceding the date of this Document, see "Statutory and General Information — Further Information about Our Company — Changes in the Share Capital of Our Subsidiaries." Save as disclosed above, there were no share capital changes in our subsidiaries during the Track Record Period and up to the Latest Practicable Date.

CORPORATE DEVELOPMENT AND MAJOR SHAREHOLDING CHANGES

(1) Establishment and early shareholding changes of our Company

We were established as a limited liability company in the PRC on May 24, 2022 with an initial registered capital of RMB10 million. After certain initial shareholding changes, our Company was held by the following Shareholders:

Shareholders	Registered capital subscribed	Corresponding equity interest in the Company
Mr. Xu(1)	RMB1,500,000	15.00%
Mr. Xu Controlled Entities(2)		
– Shanghai Ouji(2)	RMB1,500,000	15.00%
– Shanghai Gulin(2)(3)	RMB1,833,000	18.33%
– Shanghai Mailin(2)	RMB3,000,000	30.00%
– Shanghai Maita(2)(3)	RMB500,000	5.00%
Shanghai Qianzhusong(3)(4)	RMB1,667,000	16.67%
Total	**RMB10,000,000**	**100.00%**

Notes:

(1) Since the establishment of the Company to October 2023, Mr. Xu's entire equity interests in the Company were held through his mother-in-law and/or his spouse, Ms. Yang Ting. Such nominee shareholding arrangements had been terminated and the restorations were completed in October 2023.

(2) Shanghai Ouji and Shanghai Gulin are our Employee Incentive Platforms and Shanghai Mailin and Shanghai Maita are Mr. Xu's investment holding platforms. Since the establishment of each of Mr. Xu Controlled Entities to August 2023, Mr. Xu's equity interests in each of Mr. Xu Controlled Entities were held through his parents-in-law and/or his spouse. Such nominee shareholding arrangements had been terminated and the restorations were completed in August 2023.

Pursuant to the nominee shareholding agreements entered into among (a) Mr. Xu and (b) his parents-in-law and/or Ms. Yang Ting, Mr. Xu, as the beneficial owner of relevant equity interests in the Company, was entitled to shareholder rights and assumes shareholder obligations in accordance with the PRC Company Law and the articles of association of the Company, including the voting rights attached to the relevant Shares, the rights to dispose the relevant Shares and rights to receive dividends. There was no monetary consideration paid for such nominee shareholding arrangements. As of the Latest Practicable Date, there had been no legal proceedings among Mr. Xu, Mr. Xu Controlled Entities or his nominees in respect of the historical nominee shareholding arrangements. Our PRC Legal Adviser has confirmed that the nominee shareholding arrangements do not violate any applicable mandatory PRC laws and regulations.

(3) At the time of establishment of our Company, we were held by (a) Mr. Xu (through the above nominee shareholding arrangements and his controlled entities) as to 75%, (b) Shanghai Qianzhusong as to 15%, and (c) Lei Tao, an Independent Third Party, as to 10%. Shortly after our establishment, in June 2022, pursuant to the share transfer agreements entered into among (a) Lei Tao and (b) each of Shanghai Gulin, Shanghai Maita and Shanghai Qianzhusong, Lei Tao transferred 50%, 33.3% and 16.7% of her equity interests in the Company to Shanghai Maita, Shanghai Gulin and Shanghai Qianzhusong at nil consideration, respectively. The consideration was determined after arm's-length negotiation among the parties, having considered that the registered capital subscribed by Lei Tao was not paid at the time of the relevant transfers. In June 2022, Lei Tao participated in the series seed Pre-[**REDACTED**] Investment through Shanghai Yusong. For more details, please refer to "— Pre-[**REDACTED**] Investments" in this section.

(4) Mr. Zhang's interests in Shanghai Qianzhusong were held through his family members and his spouse until July 2023. Such nominee shareholding arrangements had been terminated and the restorations were completed in July 2023. Pursuant to the nominee shareholding agreements entered into by and between Mr. Zhang, his family members and his spouse, Mr. Zhang, as the beneficial owner of relevant equity interests in the Company was entitled to shareholder rights and assumes shareholder obligations in accordance with the PRC Company Law and the articles of association of the Company, including the voting rights attached to the relevant Shares, the rights to dispose the relevant Shares and rights to receive dividends. There was no monetary consideration paid for such nominee shareholding arrangement. As of the Latest Practicable Date, there had been no legal proceedings between Mr. Zhang or his nominees, in respect of the nominee shareholding arrangements. Our PRC Legal Adviser has confirmed that the nominee shareholding arrangements do not any violate applicable mandatory PRC laws and regulations.

(2) Pre-[REDACTED] Investments

From June 2022 to January 2024, we underwent several rounds of Pre-[**REDACTED**] Investments with our Pre-[**REDACTED**] Investors. For further details, please refer to the paragraphs headed "— Pre-[**REDACTED**] Investments" in this section.

(3) Conversion into a joint stock company

On December 20, 2024, our then Shareholders passed resolutions approving, among other things, the conversion of our Company from a limited liability company into a joint stock limited company (the "**Conversion**"). According to the report prepared and issued by an independent auditor then engaged by our Company, the total net asset value of our Company as of October 31, 2024 was RMB691,050,643.64, of which (i) RMB22,156,188 was converted into Shares with a par value of RMB1 per Share, which were subscribed by all the then Shareholders in proportion to their respective equity interests in our Company immediately before the Conversion; and (ii) the remaining amount of approximately RMB668,894,456 was converted into capital reserve.

Upon completion of the Conversion on January 13, 2025, the registered capital of our Company was RMB22,156,188.

Our PRC Legal Adviser has confirmed that all the equity interest transfers and capital increases as described in this section were properly and legally completed and all necessary filings and registrations from the relevant PRC authorities have been obtained and completed.

(4) Pre-[REDACTED] Employee Incentive Scheme

In recognition of the contributions of our management and employees and to incentivize them to further promote our development, in September 2022, we adopted the Pre-[**REDACTED**] Employee Incentive Scheme, which was amended in December 2024. As of the Latest Practicable Date, all incentives under the Pre-[**REDACTED**] Employee Incentive Scheme were granted to, vested and subscribed for by the participants, and no further Shares will be granted under such scheme following the [**REDACTED**].

As of the Latest Practicable Date, our Employee Incentive Platforms, Shanghai Gulin and Shanghai Ouji held approximately 7.86% and 6.43% of the issued Shares, respectively. For further details of the Pre-[**REDACTED**] Employee Incentive Scheme and our Employee Incentive Platforms, see "Statutory and General Information — Pre-[**REDACTED**] Employee Incentive Scheme" in Appendix IV to this Document.

In addition, to recognize and reward the contribution of Mr. Xu and Mr. Zhang to the growth and development of our Group, in February 2025, we adopted a share incentive scheme for the senior management of the Group (the "**SM Incentive Scheme**") and granted 874,586 Shares and 291,529 Shares to Mr. Xu and Mr. Zhang, respectively (without taking into account the [**REDACTED**], collectively the "**Awarded Shares**"), representing 5% of the Company's total share capital as of the Latest Practicable Date. The Awarded Shares were vested immediately upon grant, and were subscribed by Mr. Xu and Mr. Zhang at a price of RMB1.0 per Share. The SM Incentive Scheme is not subject to the provisions of Chapter 17 of the Listing Rules as no Shares will be further granted under the SM Incentive Scheme following the [**REDACTED**]. Upon completion of the issuance of Awarded Shares on February 17, 2025, the registered capital of our Company increased from RMB22,156,188 to RMB23,322,303.

(5) [REDACTED] before the [REDACTED]

Pursuant to the resolutions of the Shareholders dated February 20, 2025, the Shares will be [**REDACTED**] immediately prior to the [**REDACTED**], and the nominal value of the Shares will be changed from RMB1.0 each to RMB[**REDACTED**] each (the "[**REDACTED**]"). Immediately after the [**REDACTED**] and prior to the [**REDACTED**], the share capital of the Company will be [**REDACTED**] Shares with a nominal value of RMB[**REDACTED**] each. See "— Capitalization of the Company" for details of the shareholding structure of our Company.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

During the Track Record Period and up to the Latest Practicable Date, we had not conducted any major acquisitions, disposals or mergers that we consider to be material to us.

REASONS FOR THE [REDACTED]

Our Company is seeking a [**REDACTED**] of its H Shares on the Stock Exchange in order to provide further capital for the development and expansion of our Company's business, to strengthen our Company's working capital and to further raise our business profile and global presence.

For further details of our future plans, please refer to the section headed "Future Plans and Use of [**REDACTED**]" in this Document.

PRE-[REDACTED] INVESTMENTS

(1) Overview

We underwent the following rounds of Pre-[**REDACTED**] Investments, details of which are set forth below:

No.	Round	Date of agreement	Date of payment of consideration	Pre-[REDACTED] Investor[1]	Amount of registered capital subscribed	Consideration	Cost per Share[2]	[REDACTED] to the [REDACTED][3]
					(RMB)	*(RMB)*	*(RMB)*	
1.	Series Seed	June 30, 2022	August 10, 2022	Shanghai Yusong (上海煜菘)	368,421	3.50 million	0.95[2][4]	[REDACTED]%
			July 28, 2022	Jiefeng Technology (捷澧科技)	157,895	1.50 million		[REDACTED]%
2.	Series A1	July 20, 2022	August 2, 2022	Zhuhai Meiheng (珠海玫恒)	2,105,263	100 million	4.75[2][5]	[REDACTED]%
			August 4, 2022	Guangzhou Huaxin (廣州華芯)	1,052,632	50 million		[REDACTED]%
3.	Series A2[5]	November 7, 2022	November 11, 2022	Zhuhai Meiheng (珠海玫恒)	1,368,421	80 million	5.846[2][6]	[REDACTED]%
			November 24, 2022	Guangzhou Huaxin (廣州華芯)	855,263	50 million		[REDACTED]%
			March 6, 2023	Andaman International	513,158	30 million		[REDACTED]%
			November 10, 2022	Shanghai Yuzai (上海域載)	342,105	20 million		[REDACTED]%
4.	Series A3	December 22, 2022	January 13, 2023	Suzhou V Fund (蘇州雲暉)	156,456	21 million	13.422[2]	[REDACTED]%
			February 6, 2023	Jinan V Fund (濟南雲暉)	223,509	30 million		[REDACTED]%
			February 3, 2023	Gongqingcheng Yunteng (共青城雲騰)	290,561	39 million		[REDACTED]%
			December 29, 2022	Jiaxing Dingyun (嘉興鼎韞)	670,526	90 million		[REDACTED]%
			January 12, 2023	Xiamen Xiaoyu (廈門小雨)	223,509	30 million		[REDACTED]%
5.	Series B[7]	December 27, 2023	January 24, 2024	Hangzhou Yiyun (杭州藝雲)	371,926	70 million	18.821[2][8]	[REDACTED]%
			January 18, 2024	Xingxu Yaoneng (星序曜能)	53,132	10 million		[REDACTED]%
			January 18, 2024	Xingxu New Energy (星序新能源)	318,794	60 million		[REDACTED]%
6.	Series B1	January 31, 2024	February 22, 2024	TTGG Ventures (天堂硅谷)	159,397	30 million	18.821[2]	[REDACTED]%

Notes:

(1) For the full legal names and other details on the Pre-[**REDACTED**] Investors, please refer to the paragraphs headed "— Information about our Pre-[**REDACTED**] Investors" in this section.

(2) The cost per Share paid by each of the Pre-[**REDACTED**] Investors was calculated based on the amount of investment made by the relevant Pre-[**REDACTED**] Investors and number of Shares held by them immediately before the completion of the [**REDACTED**], which was adjusted to reflect the subsequent capital reorganization including the conversion of capital reserve to registered share capital of our Company during the joint stock company conversion and assuming that the [**REDACTED**] is completed, as applicable.

(3) The [**REDACTED**] to the [**REDACTED**] is calculated taking into account the completion of [**REDACTED**] and based on the assumption that the [**REDACTED**] is HK$[**REDACTED**] per H Share, being the mid-point of the indicative [**REDACTED**] of HK$[**REDACTED**] to HK$[**REDACTED**] per H Share, and the exchange rates as set out in this Document.

(4) At the time of our establishment, Lei Tao held 10% of the total equity interests in the Company. In June 2022, Lei Tao transferred her equity interests to Shanghai Maita, Shanghai Gulin and Shanghai Qianzhusong, and participated in the Series Seed Pre-[**REDACTED**] Investment in the Company through Shanghai Yusong. For more details, see "— Establishment and early shareholding changes of our Company" in this section.

(5) As detailed in the paragraphs headed "— Information about our Pre-[**REDACTED**] Investors" in this section, each of Zhuhai Meiheng and Guangzhou Huaxin is a professional institutional investor. The valuation of the Series A1 Pre-[**REDACTED**] Investment was determined after arm's-length negotiations of the Pre-[**REDACTED**] Investors, with reference to (i) the profitability and growth prospects of our Group and (ii) the valuation multiples of comparable companies in the market at the relevant time.

(6) In concurrent with the Series A2 Pre-[**REDACTED**] Investment, pursuant to the Series A2 Pre-[**REDACTED**] capital increase agreement dated November 7, 2022, each of Shanghai Mailin, Shanghai Maita and Shanghai Qianzhusong, subscribed the registered capital amounting to RMB1,117,543, RMB372,515 and RMB372,515 at the consideration of RMB1 per registered capital, respectively. Such subscription of registered capital was completed in January 2023.

(7) With respect to the increase in the cost per Share from Series A2 Pre-[**REDACTED**] Investment to Series A3 Pre-[**REDACTED**] Investment, the valuation was determined after taking into consideration (a) investments from well-known institutional investors in the Series A2 Pre-[**REDACTED**] Investments, which showed the relevant investors' their confidence in our Group's performance, strengths and prospects and provided additional funds for and could further enhance the Company's development, and (b) the improvement in the R&D capabilities of the Company.

(8) In concurrent with the Series B Pre-[**REDACTED**] Investment, pursuant to the Series B pre-[**REDACTED**] capital increase agreement dated December 27, 2023, Shanghai Mailin and Shanghai Qianzhusong, subscribed the registered capital amounting to RMB796,985 and RMB265,662 at the consideration of RMB1 per registered capital. Such subscription of registered capital was completed in March 2024.

(9) The increase in the cost per Share from Series A3 Pre-[**REDACTED**] Investment to Series B Pre-[**REDACTED**] Investment was attributed to the increase in the valuation of the Company as a result of a number of milestones in our business development achieved during the period between such rounds of the financings. For instance, we unveiled our flagship product, *SigenStor*, in June 2023.

(2) Principal Terms of the Pre-[REDACTED] Investments

Basis of determination of the valuation and consideration	The considerations for each round of the Pre-[**REDACTED**] Investments were determined based on arm's-length negotiation amongst the respective Pre-[**REDACTED**] Investors and our Group, as applicable after taking into consideration of the timing of the investments, our valuations when the respective investment agreements was entered into, the operation of our business, the financial performance of our Group, and the prospects of our business. For more details, please refer to "— Pre-[**REDACTED**] Investments — Overview" in this section above.
Lock-up Period	Pursuant to the applicable PRC laws, within 12 months following the [**REDACTED**], all existing Shareholders (including the Pre-[**REDACTED**] Investors) shall not transfer of any of the Shares held by them.
Use of [**REDACTED**] from the Pre-[**REDACTED**] Investments	We utilized the [**REDACTED**] from the Pre-[**REDACTED**] Investments for the principal business of our Group as approved by the Board, including but not limited to research and development activities, the growth and expansion of our Group's business and general working capital purposes. As of the Latest Practicable Date, approximately 78.32% of the net [**REDACTED**] from the Pre-[**REDACTED**] Investments had been utilized.
Strategic benefits to our Company brought by the Pre-[**REDACTED**] Investors	At the time of the Pre-[**REDACTED**] Investments, our Directors were of the view that our Group could benefit from the additional funds provided by the Pre-[**REDACTED**] Investors' investments in our Group, insights for industry, advice on business expansion and strategic direction, upstream and downstream resources that the Pre-[**REDACTED**] Investors bring to the Company, and the knowledge and experience of the Pre-[**REDACTED**] Investors. Their investments also demonstrated their confidence in our Group's operations and served as an endorsement of our Group's performance, strengths and prospects.

(3) Special Rights of the Pre-[REDACTED] Investors

The Pre-[**REDACTED**] Investors have been granted certain special rights in relation to our Company including, among others, information rights, preemptive rights, anti-dilution rights, redemption and divestment rights, rights of first refusal, drag-along and tag-along right, dividend and liquidation preferences, and director appointment rights. Pursuant to the supplemental shareholders agreement (the "**Supplemental Agreement**") entered into amongst all existing Shareholders, such special rights have either been terminated prior to the first filing of the [**REDACTED**] by our Company with the Stock Exchange (the "[**REDACTED**]"), or will be terminated before or upon the [**REDACTED**].

In particular, the redemption/divestment rights provided by the Company were terminated on October 31, 2024. While each of (i) the redemption/divestment rights provided by Mr. Xu, his spouse, Shanghai Mailin, Shanghai Maita, Mr. Zhang and Shanghai Qianzhusong; and (ii) the preemptive and anti-dilution rights provided by the Company, were terminated prior to the date on which our Company filed its [**REDACTED**], and shall automatically be reinstated upon the earliest occurrence of any one of the following events, unless unanimously agreed by the parties in writing: (a) the Company voluntarily withdraws its [**REDACTED**], (b) the [**REDACTED**] is rejected or returned by the Stock Exchange, or (c) the Company has not completed the [**REDACTED**] and [**REDACTED**] on the Stock Exchange within eighteen (18) months from the date of submission of the [**REDACTED**], whichever is the earliest.

In addition, pursuant to the Supplemental Agreement, all the Pre-[**REDACTED**] Investors (or their respective designated affiliates) shall have an anti-dilution right to subscribe, at the [**REDACTED**] pursuant to the [**REDACTED**], as a [**REDACTED**], for such number of the H Shares to be [**REDACTED**] by our Company as part of the [**REDACTED**] so as to maintain their respective percentages of shareholding interest in our Company (on a fully diluted basis) immediately before the [**REDACTED**], subject to the compliance with the relevant rules and regulations.

(4) Joint Sponsors' Confirmation

On the basis that (i) the consideration for the Pre-[**REDACTED**] Investments was settled more than 28 clear days before the first filing of the [**REDACTED**] by our Company with the Stock Exchange, and (ii) the special rights granted to the Pre-[**REDACTED**] Investors will been terminated upon the [**REDACTED**] as disclosed in "— Special Rights of the Pre-[**REDACTED**] Investors" above, the Joint Sponsors confirm that the Pre-[**REDACTED**] Investments are in compliance with the Pre-[**REDACTED**] Investment Guidance as defined in Chapter 4.2 of the Guide for New Listing Applicants issued by the Stock Exchange.

(5) Information about our Pre-[REDACTED] Investors

Details of each of our Pre-[**REDACTED**] Investors as of the Latest Practicable Date are set out below.

Shanghai Yusong (上海煜菘)

Shanghai Yusong Enterprise Management Partnership Enterprise (Limited Partnership) (上海煜菘企業管理合夥企業(有限合夥), "**Shanghai Yusong**") is a limited partnership established in the PRC on June 23, 2022, and is principally engaged in enterprise management and technology consultancy services with a capital contribution of RMB3.501 million. The sole general partner of Shanghai Yusong is Lei Tao (雷濤), holding approximately 99.97% partnership interest therein, and the sole limited partner of Shanghai Yusong is Shanghai Lian Enterprise Management Co., Ltd. (上海利桉企業管理有限公司), holding approximately 0.03% partnership interest therein, which is wholly owned by Lei Tao. To the best knowledge and information of the Company, all these above-mentioned entities and individual are Independent Third Parties.

Jiefeng Technology (捷灃科技)

Hainan Jiefeng Technology Consultancy Partnership Enterprise (Limited Partnership) (海南捷灃科技諮詢合夥企業(有限合夥), "**Jiefeng Technology**") is a limited partnership established in the PRC on March 18, 2022, and is principally engaged in equity investment with a capital contribution of RMB2.50 million. The sole general partner of Jiefeng Technology is Zhou Weiqing (周偉慶), holding 1.0% partnership interest therein, and the sole limited partner of Jiefeng Technology is Pu Huiyan (浦惠燕), holding 99.0% partnership interest therein. To the best knowledge and information of the Company, all these abovementioned entity and individuals are Independent Third Parties.

Zhuhai Meiheng (珠海玫恆)

Zhuhai Meiheng Equity Investment L.P. (珠海玫恆股權投資合夥企業(有限合夥), "**Zhuhai Meiheng**") is a limited partnership established in the PRC. The general partner of Zhuhai Meiheng is Shanghai Gao Ling Venture Investment Management Co., Ltd. (上海高瓴創業投資管理有限公司). The limited partners of Zhuhai Meiheng are private equity funds or investment entities managed by Zhuhai Gao Ling Private Fund Management Co., Ltd. (珠海高瓴私募基金管理有限公司) ("**Zhuhai Gao Ling**"). Zhuhai Gao Ling collaborates with industry-defining enterprises, aiming to establish alignment with sustainable, forward-thinking companies across healthcare, business services, consumer, and industrial sectors.

To the best knowledge and information of the Company, save for our non-executive Director, Mr. Sun Guoqing, who was nominated by Zhuhai Meiheng to the Board, all these abovementioned entities are Independent Third Parties.

Guangzhou Huaxin (廣州華芯)

Guangzhou Huaxin Shengjing Innovation Investment Center (Limited Partnership) (廣州華芯盛景創業投資中心(有限合夥), "**Guangzhou Huaxin**") is a limited partnership established in the PRC on October 28, 2021, and is principally engaged in equity investment, with a capital contribution of RMB2,131.31 million. The general partner of Guangzhou Huaxin is Zhuhai Huaxin Quantum Consultancy Management Enterprise (Limited Partnership) (珠海華芯量子諮詢管理企業(有限合夥), "**Zhuhai Huaxin**"), holding 1.0% partnership interest therein. Zhuhai Huaxin has three partners, including (i) Qingdao Huaxin Focus Investment Management Co., Ltd. (青島華芯焦點投資管理有限公司) as its sole general partner holding 25.0% partnership interest, which is wholly-owned by Walden Alps Investment Management Hong Kong Limited ("**Walden Alps**"), (ii) Walden Alps as its limited partner, holding 25.0% partnership interest, and (iii) an Independent Third Party, Wu Meng (吳夢), as its limited partner, holding 50% partnership interest. Walden Alps is incorporated under the laws of Hong Kong with limited liability, and is held by individual shareholders, who are Independent Third Parties. Our non-executive Director, Mr. Wang Lin, was nominated by Zhuhai Meiheng.

As of the Latest Practicable Date, Guangzhou Huaxin had 26 limited partners. Save for Guangdong Semiconductor and Integrated Circuit Industry Investment Fund Partnership (Limited Partnership) (廣東省半導體及集成電路產業投資基金合夥企業(有限合夥)) holding approximately 23.46% partnership interest therein, none of the other 25 limited partners held 10% or more partnership interests of Guangzhou Huaxin.

To the best knowledge and information of the Company, save for our non-executive Director, Mr. Wang Lin, all these above mentioned entities and individual are Independent Third Parties.

Andaman International

Andaman International Business Co., Limited ("**Andaman International**") is a private company incorporated in Hong Kong in March 2020. It was wholly owned by an individual investor, Pan Jian (潘健). To the best knowledge and information of the Company, all these above mentioned entity and individual are Independent Third Parties.

Shanghai Yuzai (上海域載)

Shanghai Yuzai Enterprise Management Partnership Enterprise (Limited Partnership) (上海域載企業管理合夥企業(有限合夥), "**Shanghai Yuzai**") is a limited partnership established in the PRC on October 13, 2022, and is principally engaged in enterprise management consultancy, with a capital contribution of RMB20 million. The general partner of Shanghai Yuzai is Tao Chengyan (陶成燕), holding 20.0% partnership interest therein. The limited partners of Shanghai Yuzai include (i) Wang Fang (王芳), holding 25% partnership interest therein, (ii) Zhou Mingjie (周鳴捷), holding 20.0% partnership interest therein, and (iii) three individuals each holding 20% or less partnership interest therein. To the best knowledge and information of the Company, all these abovementioned entity and individuals are Independent Third Parties.

V Fund Entities

Suzhou V Fund (蘇州雲暉)

Suzhou V Fund Investment Management Partnership Enterprise (Limited Partnership) (蘇州雲暉投資管理合夥企業(有限合夥), "**Suzhou V Fund**") is a limited partnership established in the PRC on July 21, 2020, and is principally engaged in equity investment with a capital contribution of RMB737 million. The general partner of Suzhou V Fund is Beijing V Fund Private Equity Management Co., Ltd. (北京雲暉私募基金管理有限公司, "**Beijing V Fund**") holding approximately 1.09% partnership interest therein. As of the Latest Practicable Date, Suzhou V Fund had 14 limited partners. Save for Haichuang Qianfeng Xinjiu Energy Conversion Equity Investment Enterprise (Limited Partnership) (山東省海創千峰新舊動能轉換股權投資企業(有限合夥)), holding approximately 13.57% partnership interest therein, none of the other 13 limited partners held 10% or more partnership interests therein.

Beijing V Fund was established in the PRC in August 2015, with a registered capital of RMB100 million. As of the Latest Practicable Date, Beijing V Fund was held by four individuals, each being an Independent Third Party and holding 25% equity interests of Beijing V Fund.

To the best knowledge and information of the Company, all these above mentioned entities and individuals are Independent Third Parties.

Jinan V Fund (濟南雲暉)

Jinan V Fund Shunhe Equity Investment Fund Partnership (Limited Partnership) (濟南雲暉舜和股權投資基金合夥企業(有限合夥), "**Jinan V Fund**") is a limited partnership established in the PRC on October 27, 2022, and is principally engaged in equity investment, with a capital contribution of RMB200 million. The general partners of Jinan V Fund include (i) Dongtai Yunchang Investment Management Partnership Enterprise (Limited Partnership) (東台雲暢投資管理合夥企業(有限合夥), "**Dongtai Yunchang**") holding 0.50% partnership interest therein, and (ii) Shandong Green Capital Investment Group Co., Ltd. (山東省綠色資本投資集團有限公司) holding 22.50% partnership interest therein, which is ultimately controlled by State-owned Assets Supervision and Administration Committee (SASAC) of Shandong Province.

As of the Latest Practicable Date, Jinan V Fund had six limited partners. Save for (i) Zhongjin Qiyuan National Emerging Industry Venture Capital Guidance Fund (Limited Partnership) (中金啟元國家新興產業創業投資引導基金(有限合夥)), holding 20.0% partnership interest therein, and (ii) Shandong New Growth Drivers Fund Management Co., Ltd. (山東省新動能基金管理有限公司), holding 20.0% partnership interest therein, none of the other four limited partners held 20% or more partnership interests.

As of the Latest Practicable Date, the sole general partner of Dongtai Yunchang was Beijing V Fund holding approximately 9.09% partnership interest therein, and the sole limited partner of Dongtai Yunchang was Gongqingcheng Yunwei Investment Partnership (Limited Partnership) (共青城雲薇投資合夥企業(有限合夥)) holding 90.91% partnership interest therein. Gongqingcheng Yunwei Investment Partnership (Limited Partnership) (共青城雲薇投資合夥企業(有限合夥)) had five partners, including (i) Beijing V Fund as the sole general partner, holding 10.0% partnership interest therein, and (ii) the four individual shareholders of Beijing V Fund as limited partners, each holding 22.5% partnership interest therein.

To the best knowledge and information of the Company, all these above mentioned entities and individuals are Independent Third Parties.

Gongqingcheng Yunteng (共青城雲騰)

Gongqingcheng Yunteng Investment Management Partnership Enterprise (Limited Partnership) (共青城雲騰投資管理合夥企業(有限合夥), "**Gongqingcheng Yunteng**") is a limited partnership established in the PRC on August 12, 2022, and is principally engaged in equity investment, with a capital contribution of RMB43.9 million. The general partner of Gongqingcheng Yunteng is Beijing V Fund holding approximately 2.3% partnership interest therein. As of the Latest Practicable Date, Beijing V Fund was held by four individuals, each being an Independent Third Party and holding 25% equity interests therein.

As of the Latest Practicable Date, Gongqingcheng Yunteng had six limited partners, among which are (i) Gongqingcheng No. 2 Xinrui Start-up Investment Partnership Enterprise (Limited Partnership) (共青城欣睿二號創業投資合夥企業(有限合夥)), holding approximately 50.1% partnership interest therein, which is controlled by an Independent Third Party, Liu Hong; (ii) Jinan Shanqinghuijian Private Equity Investment Funds Partnership Enterprise (Limited Partnership) (濟南山青惠建私募股權投資基金合夥企業(有限合夥)), holding approximately 25.1% partnership interest therein, and (iii) the other four limited partners each holding less than 20% partnership interests.

To the best knowledge and information of the Company, all these above mentioned entities and individuals are Independent Third Parties.

Eastern Bell Capital (鍾鼎資本)

Jiaxing Dingyun Innovation Investment Partnership Enterprise (Limited Partnership) (嘉興鼎韞創業投資合夥企業(有限合夥), "**Jiaxing Dingyun**") is a limited partnership established in the PRC on September 27, 2021, and is principally engaged in equity investment with a capital contribution of RMB6,001 million. The general partner of Jiaxing Dingyun is Shanghai Dingxiao Enterprise Management Consultancy Center (Limited Partnership) (上海鼎蕭企業管理諮詢中心(有限合夥), "**Shanghai Dingxiao**") holding approximately 0.02% partnership interest therein, which in turn is controlled by Shanghai Dingman Enterprise Management Co., Ltd. (上海鼎蔓企業管理有限公司, "**Shanghai Dingman**") as its general partner as to approximately 1.39%. Shanghai Dingman is ultimately held by Yan Li (嚴力) as to 52.88%.

Save for Yan Li, no other shareholder of Shanghai Dingman holds 30% or more interests of Shanghai Dingman. Yan Li is also a controlling shareholder of Eastern Bell (Shanghai) Innovation Investment Management Co., Ltd. (鍾鼎(上海)創業投資管理有限公司, "**Eastern Bell Capital**") as to 82.0%. Eastern Bell Capital is a private equity company with a diversified portfolio of over RMB27 billion assets focusing on logistics, supply chain and data technology sectors. Shanghai Dingxiao has two limited partners, including (i) Ningbo Dingji Innovation Investment Partnership Enterprise (Limited Partnership) (寧波鼎集創業投資合夥企業(有限合夥)) holding 60.83% limited partnership interest, with Shanghai Dingman as its general partner holding approximately 1.25% partnership interest therein, and (ii) Ningbo Dingyan Innovation Investment Partnership Enterprise (Limited Partnership) (寧波鼎嚴創業投資合夥企業(有限合夥)) holding 37.78% limited partnership interest, with Shanghai Dingman as its general partner holding approximately 1.80% partnership interest therein.

As of the Latest Practicable Date, the other two limited partners of Jiaxing Dingyun were Ningbo Dinggang Management Consultancy Partnership Enterprise (Limited Partnership) (寧波鼎岡管理諮詢合夥企業(有限合夥), "**Ningbo Dinggang**"), holding approximately 49.99% partnership interest therein, and Ningbo Dingyou Management Consultancy Partnership Enterprise (Limited Partnership) (寧波鼎宥管理諮詢合夥企業(有限合夥), "**Ningbo Dingyou**"), holding approximately 49.99% partnership interest therein. The general partner of Ningbo Dinggang and Ningbo Dingyou was Shanghai Dingxiao holding approximately 0.03% partnership interest therein for both. The limited partners of Ningbo Dinggang and Ningbo Dingyou were (i) Taicang Eastern Bell No. 6 Equity Investment Partnership (Limited Partnership) (太倉市鐘鼎六號股權投資合夥企業(有限合夥)) holding approximately 73.31% partnership interest in each of them, and (ii) the two other Independent Third Parties, holding less than 30% partnership interests in Ningbo Dinggang and Ningbo Dingyou, respectively.

To the best knowledge and information of the Company, all these above mentioned entities and individuals are Independent Third Parties.

Xiamen Xiaoyu (廈門小雨)

Xiamen Xiaoyu Qingcheng Innovation Investment Partnership Enterprise (Limited Partnership) (廈門小雨青城創業投資合夥企業(有限合夥), "**Xiamen Xiaoyu**") is a limited partnership established in the PRC on December 14, 2022, and is principally engaged in equity investment, with a capital contribution of RMB131.32 million. The general partner of Xiamen Xiaoyu is Xiamen Zhuopu Zhiyuan Equity Investment Partnership Enterprise (Limited Partnership) (廈門拙樸致遠股權投資合夥企業(有限合夥), "**Zhuopu Zhiyuan**"), holding approximately 1.01% partnership interest therein. Zhuopu Zhiyuan is controlled by its general partner, Shanghai Yuanzhuo Enterprise Management Co., Ltd. (上海遠拙企業管理有限公司, "**Shanghai Yuanzhuo**"), holding approximately 10% partnership interest therein, and has a single limited partner, Shen Feng (沈楓), holding 90% partnership interest therein. Shanghai Yuanzhuo is held by Zhao Yong (趙永) as to 70.0% and Shen Feng (沈楓) as to 30.0%.

As of the Latest Practicable Date, Xiamen Xiaoyu had seven limited partners, among which, (i) Liu Dongmei (劉冬梅), holding approximately 38.07% partnership interest therein, (ii) Shenzhen Shunfeng City Logistics Co., Ltd. (深圳市順豐城市同城物流有限公司), holding approximately 38.07% partnership interest therein, and (iii) the other five limited partners each holding less than 15% partnership interests therein.

To the best knowledge and information of the Company, all these above mentioned entities and individuals are Independent Third Parties.

Hangzhou Yiyun (杭州藝雲)

Hangzhou Yiyun Hangshi Xingyan Venture Capital Partnership (Limited Partnership) (杭州藝雲杭實星晏創業投資合夥企業(有限合夥), "**Hangzhou Yiyun**") is a limited partnership established in the PRC on January 29, 2022, and is principally engaged in equity investment with a capital contribution of RMB700 million. The general partner of Hangzhou Yiyun is Hangzhou Xingyan Enterprise Management Co., Ltd. (杭州星晏企業管理有限公司, "**Hangzhou Xingyan**") holding approximately 1.43% partnership interest therein.

Hangzhou Xingyan is held by Guoke Dongfang (Shanghai) Private Equity Fund Management Co., Ltd. (國科東方(上海)私募基金管理有限公司, "**Guoke Dongfang**") as to 65.0% and the other three shareholders, each holding less than 20% equity interests therein. Mr. Lin Jinwu, our independent non-executive Director, is a supervisor of Hangzhou Xingyan and a director of Guoke Dongfang, and has been vice president of Guoke Dongfang since July 2019. Guoke Dongfang is held by (a) Shanghai Chenfeng Financial Management Consultancy Partnership (Limited Partnership) (上海辰峰財務管理諮詢合夥企業(有限合夥)) as to 70%, which is controlled by Li Junbiao. Mr. Lin Jinwu also holds 10% limited partnership interest therein; and (b) BOE Technology Group Co., Ltd. (京東方科技集團股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000725/200725), as to 30%.

As of the Latest Practicable Date, Hangzhou Yiyun had eight limited partners, among which, (i) Yongkang State-owned Capital Investment Holding Group Co., Ltd. (永康市國有資本投資控股集團有限公司, "**Yongkang Investment**"), which is ultimately controlled by Yongkang SASAC, holding approximately 28.57% partnership interest therein, and (ii) the other seven limited partners each holding 20% or less partnership interests therein. Among the limited partners, Mr. Lin Jinwu is the general partner of Hangzhou Xingxu Guangnian Enterprise Management Partnership (Limited Partnership), which holds 10% limited partnership interest of Hangzhou Yiyun, and holds 20% partnership interest therein.

To the best knowledge and information of the Company, save for Mr. Lin Jinwu, all these above mentioned entities are Independent Third Parties.

Xingxu Yaoneng (星序曜能)

Yongkang Xingxu Yaoneng Venture Capital Partnership (Limited Partnership) (永康星序曜能創業投資合夥企業(有限合夥), "**Xingxu Yaoneng**") is a limited partnership established in the PRC on June 29, 2022, and is principally engaged in equity investment, with a capital contribution of RMB402 million. The general partners of Xingxu Yaoneng are (a) Yongkang Xingxu Enterprise Management Consultancy Co., Ltd. (永康星序企業管理諮詢有限公司, "**Yongkang Xingxu**"), holding 0.25% partnership interest therein, and (b) Shanghai Xingxu Private Equity Fund Management Co., Ltd. (上海星序私募基金管理有限公司, "**Shanghai Xingxu**"), holding 0.25% partnership interest therein. Shanghai Xingxu is held by (a) Mr. Lin Jinhe as to 60%, who is the brother of Mr. Lin Jinwu; (b) Mr. Lin Jinwu as to 20%, (c) three Independent Third Parties each holding less than 20% interest. Yongkang Xingxu is held by Ms. Shao Rongxuan and Mr. Shou Ji as to 60% and 40%, each of whom is an Independent Third Party.

As of the Latest Practicable Date, Xingxu Yaoneng had two limited partners, namely (a) Yongkang Guohe Xingneng Equity Investment Partnership (Limited Partnership) (永康國核星能股權投資合夥企業(有限合夥), "**Guohe Xingneng**") holding 89.55% partnership interest therein, and (b) the other held less than 10% partnership interest therein. The general partners of Guohe Xingneng are (a) Guohe Investment Co., Ltd. (國核投資有限公司, "**Guohe Investment**"), and (b) Yongkang Xingxu, each holding 0.10% partnership interest therein. Guohe Investment is held by SPIC Industrial Fund Management Co., Ltd. (國家電投集團產業基金管理有限公司) as to 20.0%, Guoding Yaohe Group Co., Ltd. (國鼎耀赫集團有限公司) as to 20.0%, Jingbei Group (Shenzhen) Co., Ltd. (京北集團(深圳)有限公司) as to 20.0%, and by other four Independent Third Parties as to 40% in aggregate. Guohe Xingneng had two limited partners, namely (i) Yongkang State-owned Capital Investment Holding Group Co., Ltd. (永康市國有資本投資控股集團有限公司) holding approximately 89.80% partnership interest therein, and (ii) Yongkang Industrial Fund Co., Ltd. (永康市產業基金有限公司) holding approximately 10.0% partnership interest therein.

To the best knowledge and information of the Company, save for Mr. Lin Jinwu, all these above mentioned entities and individuals are Independent Third Parties.

Xingxu New Energy (星序新能源)

Yongkang Xingxu New Energy Technology Partnership (Limited Partnership) (永康星序新能源科技合夥企業(有限合夥), "**Xingxu New Energy**") is a limited partnership established in the PRC on December 18, 2023, and is principally engaged in technology promotion and application services, with a capital contribution of RMB63.61 million. The sole general partner of Xingxu New Energy is Yongkang Xingxu, holding approximately 0.02% partnership interest therein, and the sole limited partner is Guohe Xingneng, holding approximately 99.98% partnership interest therein.

To the best knowledge and information of the Company, all these above mentioned entities are Independent Third Parties.

TTGG Ventures (天堂硅谷)

Hangzhou TTGG Zhixin Venture Capital Partnership (Limited Partnership) (杭州天堂硅谷智新創業投資合夥企業(有限合夥), "**Hangzhou TTGG**") is a limited partnership established in the PRC on January 26, 2022, and is principally engaged in equity investment, with the capital contribution of RMB584.6 million. The general partner of Hangzhou TTGG is Zhejiang TTGG Zhaoyang Venture Capital Co., Ltd. (浙江天堂硅谷朝陽創業投資有限公司, "**TTGG Zhaoyang**"), holding approximately 1.03% partnership interest therein. TTGG Zhaoyang is wholly owned by TTGG Venture Capital Group Co., Ltd. (天堂硅谷創業投資集團有限公司, "**TTGG Ventures**"), which is a venture capital company founded in 2000 with a diversified portfolio focusing on intelligence technology, advanced manufacturing and medical health sectors.

As of the Latest Practicable Date, Hangzhou TTGG had 14 limited partners. Save for (i) Zhejiang Jintou Kechuang FOF Phase I Private Equity Investment Partnership (Limited Partnership) (浙江省金投科創母基金一期股權投資合夥企業(有限合夥)), holding approximately 17.11% partnership interest therein, and (ii) Hangzhou High-tech Innovation Investment Co., Ltd. (杭州高新創業投資有限公司), a state-owned company, holding approximately 17.11% partnership interest therein, none of the other 12 limited partners held 15% or more partnership interests therein.

To the best knowledge and information of the Company, all these abovementioned entities are Independent Third Parties.

CAPITALIZATION OF OUR COMPANY

Upon completion of the Pre-[**REDACTED**] Investments as described above, and conversion of our Company into a joint stock limited company, the table below is a summary of the capitalization of our Company as of the Latest Practicable Date (without taking into account [**REDACTED**]) and as of the [**REDACTED**] (taking into account the [**REDACTED**] and assuming the [**REDACTED**] is not exercised):

	As of the Latest Practicable Date without taking into account [REDACTED]		As of the [REDACTED] taking into account the [REDACTED] (assuming the [REDACTED] is not exercised)			
Shareholders	**Number of Shares**	**Approximate ownership percentage of the total issued Shares**	**Number of Unlisted Shares**	**Number of H Shares**	**Approximate aggregate shareholding of the total issued Shares**	**Whether the H Shares will be counted towards the public float**
Controlling Shareholders						
– Mr. Xu Yingtong(1)	2,374,586	10.18%	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]
– Shanghai Ouji (上海鷗集)(1)	1,500,000	6.43%	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]
– Shanghai Gulin (上海谷廩)(1)	1,833,000	7.86%	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]
– Shanghai Mailin (上海麥廩)(1)	4,914,528	21.07%	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]
– Shanghai Maita (上海麥塔)(1)	872,515	3.74%	[REDACTED]	[REDACTED]	[REDACTED]%	
Other Shareholders						
Mr. Zhang Xianmiao(2)	291,529	1.25%	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]
Shanghai Qianzhusong (上海千株松)(2)	2,305,177	9.88%	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]
Zhuhai Meiheng (珠海玫恒)	3,473,684	14.89%	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]
Guangzhou Huaxin (廣州華芯)	1,907,895	8.18%	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]
Jiaxing Dingyun (嘉興鼎韞)	670,526	2.88%	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]
Andaman International	513,158	2.20%	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]
Hangzhou Yiyun (杭州藝雲)	371,926	1.59%	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]
Shanghai Yusong (上海煜菘)	368,421	1.58%	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]
Shanghai Yuzai (上海域載)	342,105	1.47%	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]
Xingxu New Energy (星序新能源)	318,794	1.37%	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]
Gonqingcheng Yunteng (共青城雲騰)	290,561	1.25%	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]
Jinan V Fund (濟南雲暉)	223,509	0.96%	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]
Xiamen Xiaoyu (廈門小雨)	223,509	0.96%	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]
TTGG Ventures (天堂硅谷)	159,397	0.68%	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]
Jiefeng Technology (捷灃科技)	157,895	0.68%	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]
Suzhou V Fund (蘇州雲暉)	156,456	0.67%	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]
Xingxu Yaoneng (星序曜能)	53,132	0.23%	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]
[REDACTED] shareholders	–	–	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]
Total	**23,322,303**	**100.00%**	[REDACTED]	[REDACTED]	**100.00%**	

Notes:

(1) The day-to-day management and the exercise of voting rights attached to the Shares held by each of Mr. Xu Controlled Entities, namely Shanghai Ouji, Shanghai Gulin, Shanghai Mailin and Shanghai Maita are controlled by Mr. Xu, as their respective sole general partner. Mr. Xu holds (a) 68.40% partnership interest of Shanghai Ouji, (b) 1.07% partnership interest of Shanghai Gulin, (c) 99% partnership interests of Shanghai Mailin, and (d) 45.84% partnership interest of Shanghai Maita. As of the Latest Practicable Date, (a) the remaining 31.6% limited partnership interests of Shanghai Ouji were held by three Employee Incentive Platforms, namely Yuansi Gongju, Yuansi Tongzhou and Yuansi Chuangshuo, (b) the remaining 98.93% limited partnership interests of Shanghai Gulin were held by four Employee Incentive Platforms, namely Yuansi Nengju, Yuansi Hezhong, Yuansi Yuanlue and Yuansi Zhitong, (c) the remaining 1% partnership interest of Shanghai Mailin was held by Ms. Yang Ting and (d) the remaining limited partnership interest of Shanghai Maita was held by Ms. Zhuang Sanzhen, an Independent Third Party, and Ms. Yang Ting as to 42.69% and 11.46%, respectively. As such, each of Shanghai Ouji, Shanghai Gulin, Shanghai Mailin and Shanghai Maita is a close associate of Mr. Xu. Mr. Xu and Mr. Xu Controlled Entities form a group of Controlling Shareholders of the Company for the purpose of the Listing Rules.

(2) The day-to-day management and the exercise of voting rights attached to the Shares held by Shanghai Qianzhusong are controlled by Mr. Zhang, as its sole general partner, holding 99% partnership interest therein. As of the Latest Practicable Date, the remaining 1% partnership interest of Shanghai Qianzhusong was held by Mr. Zhang's spouse.

PUBLIC FLOAT

Our Company [has applied] for [**REDACTED**], and the CSRC issued notice of filing on [●], 2025 for the conversion of [**REDACTED**] of its Unlisted Shares (taking into account the [**REDACTED**]) into H Shares upon the [**REDACTED**]. Upon completion of the [**REDACTED**] and the conversion of Unlisted Shares into H Shares, the remaining [**REDACTED**] Unlisted Shares (taking into account the [**REDACTED**]) held by the existing Shareholders, representing approximately [**REDACTED**]% of our total issued Shares upon completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), will not be [**REDACTED**] upon the completion of the [**REDACTED**] and hence will not be considered as part of the public float.

In addition, upon completion of the [**REDACTED**] and conversion of Unlisted Shares into H Shares, [**REDACTED**] H Shares (taking into account the [**REDACTED**]) to be held by [**REDACTED**] which in aggregate represent approximately [**REDACTED**]% of our total issued Shares upon the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), would not be counted towards the public float.

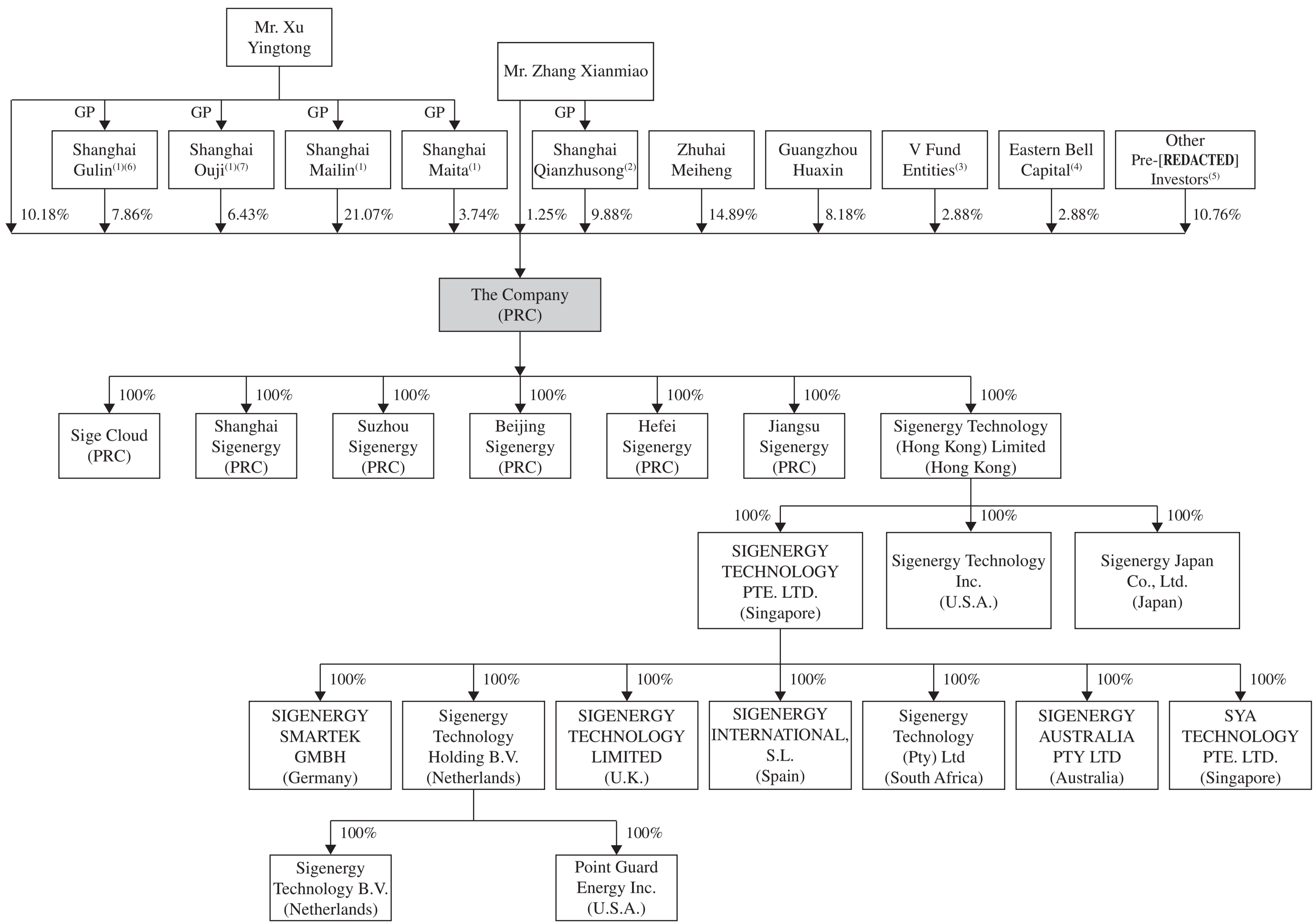
To the best knowledge of our Directors, save as disclosed above, upon the completion of the [**REDACTED**] and the conversion of Unlisted Shares into H Shares, [**REDACTED**] H Shares (taking into account the [**REDACTED**]) are expected to be held by our existing Shareholders who are not our core connected persons. Such [**REDACTED**] H Shares (taking into account the [**REDACTED**]) will be counted towards the public float. Together with the [**REDACTED**] of [**REDACTED**] H Shares pursuant to the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised), approximately [**REDACTED**]% of our total issued Shares will be counted towards the public float (assuming that the [**REDACTED**] is not exercised) upon the completion of the [**REDACTED**]. As these Shareholders will not be core connected persons of our Company upon [**REDACTED**], are not accustomed to take instructions from core connected persons of our Company in relation to the acquisition, disposal, voting or other disposition of their Shares, and their acquisition of Shares were not financed directly or indirectly by core connected persons of our Company, the H Shares held by them will be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules after the [**REDACTED**].

Rule 8.08 of the Listing Rules provides that there must be an open market in the securities for which [**REDACTED**] is sought. Under Rule 8.08(1)(a), it normally means that the minimum public float of a [**REDACTED**] issuer must at all times be at least 25% of the issuer's total issued share capital. Under Rule 8.08(1)(b) of the Listing Rules, where an issuer has one class of securities or more apart from the class of securities for which [**REDACTED**] is sought, the total securities of the issuer held by the public at the time of [**REDACTED**] must be at least 25% of the issuer's total number of issued shares.

Based on the above, it is expected that immediately following completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised), the total number of H Shares held by the public represents approximately [**REDACTED**]% of our total issued Shares upon [**REDACTED**]. Therefore, our Company will be able to meet the minimum public float requirement under Rule 8.08 of the Listing Rules.

CORPORATE STRUCTURE IMMEDIATELY BEFORE COMPLETION OF THE [REDACTED]

The chart below sets out the shareholding structure of our Group immediately before completion of the [**REDACTED**]:



Notes:

(1) Mr. Xu is the sole general partner of each of Shanghai Ouji, Shanghai Gulin, Shanghai Mailin and Shanghai Maita, holding (a) 68.40% partnership interest of Shanghai Ouji, (b) 1.07% partnership interest of Shanghai Gulin, (c) 99% partnership interests of Shanghai Mailin, and (d) 45.84% partnership interest of Shanghai Maita. For more details, please refer to "Capitalization of our Company" in this section.

(2) Mr. Zhang is the general partner of Shanghai Qianzhusong holding 99% partnership interest therein. For more details, please refer to "Capitalization of our Company" in this section.

(3) V Fund Entities include Suzhou V Fund, Jinan V Fund and Gongqingcheng Yunteng. "— Pre-[**REDACTED**] Investments — Information about our Pre-[**REDACTED**] Investors — V Fund Entities" for details.

(4) Eastern Bell Capital holds its interest though Jiaxing Dingyun. See "— Pre-[**REDACTED**] Investments — Information about our Pre-[**REDACTED**] Investors — Eastern Bell Capital" for details.

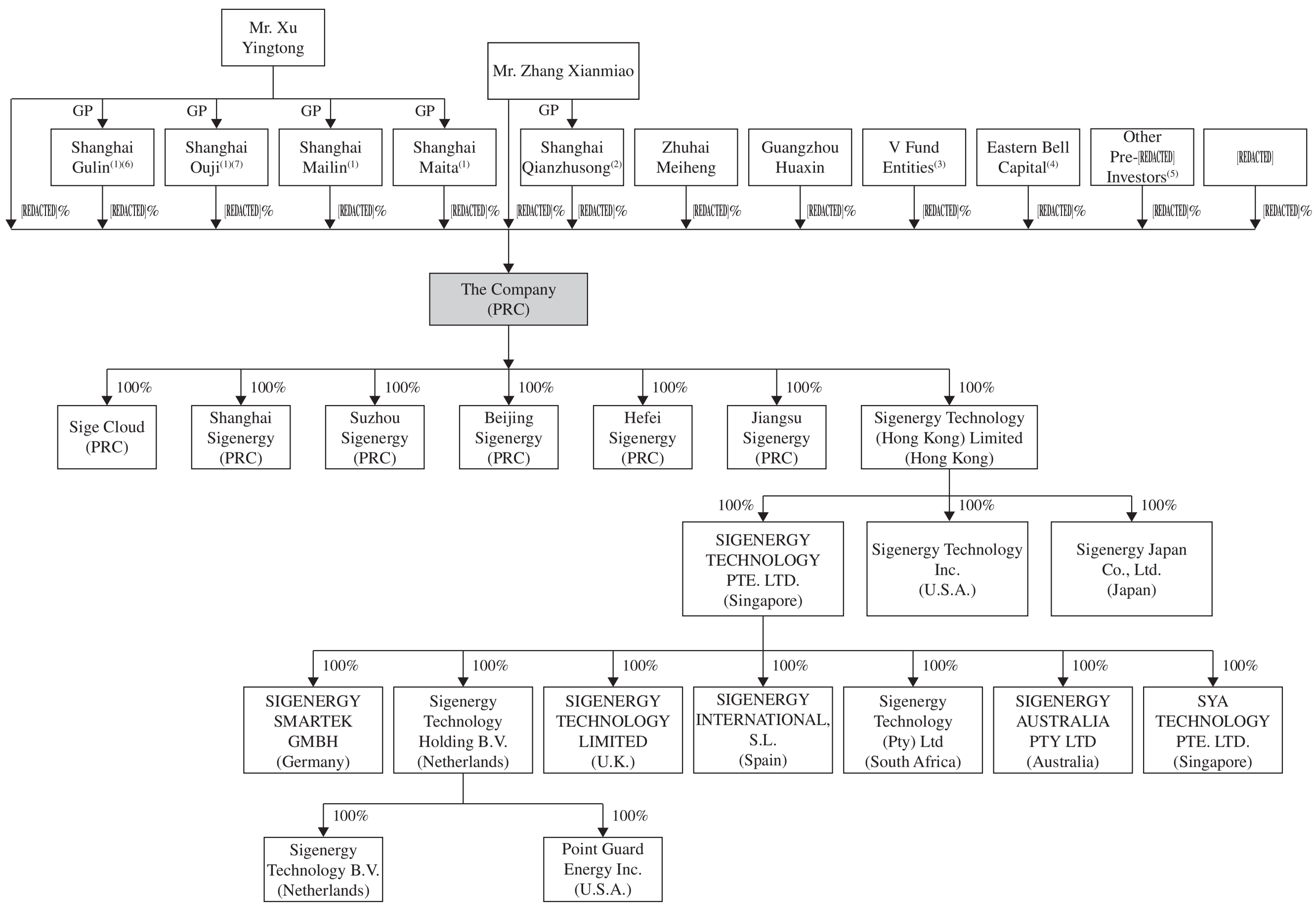
(5) For details of other Pre-[**REDACTED**] Investors, see "Pre-[**REDACTED**] Investments — Information about our Pre-[**REDACTED**] Investors" in this section.

(6) Shanghai Gulin is an Employee Incentive Platform. As of the Latest Practicable Date, the remaining 98.93% partnership interests of Shanghai Gulin were held by four limited partners, namely Yuansi Nengju, Yuansi Hezhong, Yuansi Yuanlue, and Yuansi Zhitong, holding approximately 83.32%, 1.72%, 5.17% and 8.73% partnership interests of Shanghai Gulin, respectively. Please refer to "Statutory and General Information — Pre-[**REDACTED**] Employee Incentive Scheme" in Appendix IV to this Document for more details.

(7) Shanghai Ouji is an Employee Incentive Platform. As of the Latest Practicable Date, the remaining 31.60% interests of Shanghai Ouji were held by three limited partners, namely Yuansi Gongju, Yuansi Tongzhou, and Yuansi Chuangshuo, holding approximately 22.91%, 4.49% and 4.21% partnership interests of Shanghai Ouji, respectively. Please refer to "Statutory and General Information — Pre-[**REDACTED**] Employee Incentive Scheme" in Appendix IV to this Document for more details.

CORPORATE STRUCTURE IMMEDIATELY FOLLOWING COMPLETION OF THE [REDACTED]

The chart below sets out the shareholding structure of our Group immediately following completion of the [**REDACTED**] (taking into account the [**REDACTED**], and assuming the [**REDACTED**] is not exercised):



Notes:

For notes (1) to (7), please see "— Corporate Structure Immediately before Completion of the [**REDACTED**]" in this section above.

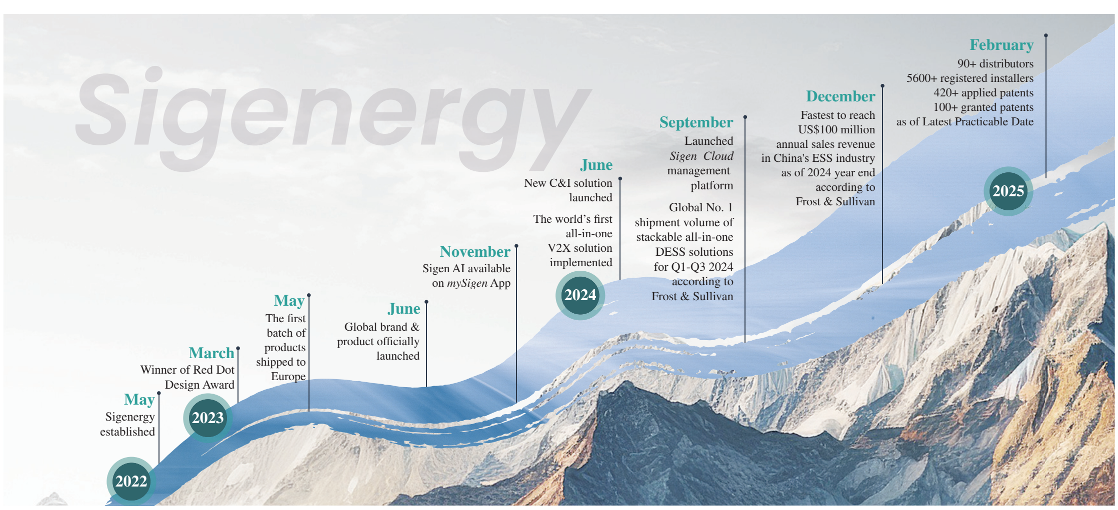
OVERVIEW

Who We Are

We are a global leader in renewable energy solutions. We believe the next-generation distributed energy storage systems (ESS) — a product that tens of millions of homes and businesses around the world use for solar power generation, storage and charging — will be characterized by incorporating AI and advanced software technologies to deliver smarter, safer and scalable energy solutions. Two years after our founding, we have become the world's No. 1 provider of stackable all-in-one DESS solutions as measured by product shipments with a 24.3% market share in the nine months ended September 30, 2024 according to Frost & Sullivan.

We were founded in May 2022, with a blueprint to reshape the distributed ESS industry with technology and product innovations. In June 2023, we unveiled our flagship product *SigenStor*, the world's first AI-optimized, 5-in-1 ESS solution according to Frost & Sullivan. In the nine months ended September 30, 2024, we generated revenue of RMB699.7 million, a milestone that, according to Frost & Sullivan, typically takes industry peers more than five years to reach. As measured by the number of years taken to reach US$100 million in annual revenue, we recorded the fastest growth among all ESS providers in China, according to Frost & Sullivan. Set forth below are certain of our major milestones since our establishment.

Major Milestones of Development Throughout History

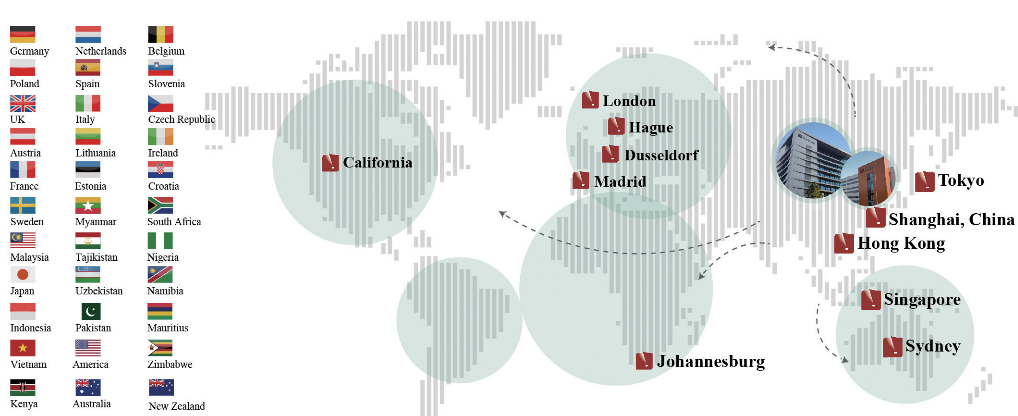


Our Business

We develop and provide innovative renewable energy solutions for both homes and businesses. Our flagship product, *SigenStor*, seamlessly integrates a solar inverter, EV DC charger, Power Conversion System (PCS), battery pack, and Energy Management System (EMS) with a modular, stackable product design. With simple stacking or module replacement, users can tailor capacity to meet a range of energy needs across residential, commercial, and industrial applications, showcasing substantial flexibility and scalability. During the Track Record Period, *SigenStor* sales had consistently contributed over 90% of our total revenue.

The fusion of advanced power electronics with AI and software technologies elevates energy efficiency and user experience, distinguishing us from conventional offerings. Anchored in a cloud-native infrastructure and enhanced by AI-driven optimization, our adaptable and ever-evolving products deliver tailored energy plans, maximizing cost savings while providing a safer, smarter and more refined user experience.

The exceptional scalability and convenience benefits offered by our products have captivated customers worldwide. At present, our reach extends far and wide — we work with an extensive network of 99 distributors spanning over 60 countries and regions as of the Latest Practicable Date, and we have become the go-to partner for leading distributors in all major markets such as Europe, APAC and Africa, including the top distributor in the UK, Ireland, Sweden, South Africa, Australia and United States. In the nine months ended September 30, 2024, we achieved total energy capacity sales of 220 MWh for our flagship product, *SigenStor*.



To uphold exceptional product quality, we manufacture our products at our manufacturing facilities in Lin-gang, Shanghai and Nantong, Jiangsu. By pairing advanced equipment and technology with rigorous quality control protocols, we ensure product reliability and performance. As of the Latest Practicable Date, our expected annual production capacity is 90,000 units for inverters and 1.8 GWh for battery packs, respectively, and our utilization rates were 73.6% and 88.3%, respectively, for the nine months ended September 30, 2024.

Our Achievements

Driven by our technological capabilities and the compelling value of our products, we experienced rapid business expansion and revenue growth throughout the Track Record Period. Our revenues increased from nil in 2022 to RMB58.3 million in 2023, and from RMB4.4 million in the nine months ended September 30, 2023 to RMB699.7 million for the corresponding period in 2024. While we have been incurring net losses during the Track Record Period as we transitioned from research and development to large-scale commercial production, our net loss has narrowed significantly to RMB53.4 million in the nine months ended September 30, 2024, compared to RMB199.6 million for the corresponding period in 2023. The following diagram sets forth certain of our business achievements.

No. 1 Global Market Share among the stackable all-in-one DESS solution providers	**Shortest Time** reaching US$100 million in annual sales revenue[2]	**Gross Profit Margin 44.2%** from January to September 2024
World's First 5-in-1 ESS solution provider	**50%** R&D employees[3]	**420+ / 100+** patent applications/ issued patents[1]
Global Business Coverage 60+ countries and regions[1]	**99** cooperative distributors[1]	**5,600+** registered installers[1]

Notes:

(1) As of the Latest Practicable Date.

(2) Among China ESS companies in the global stackable all-in-one DESS solutions market.

(3) As of September 30, 2024.

OUR COMPETITIVE STRENGTHS

Fast-Growing Leader in the Promising Distributed ESS Market

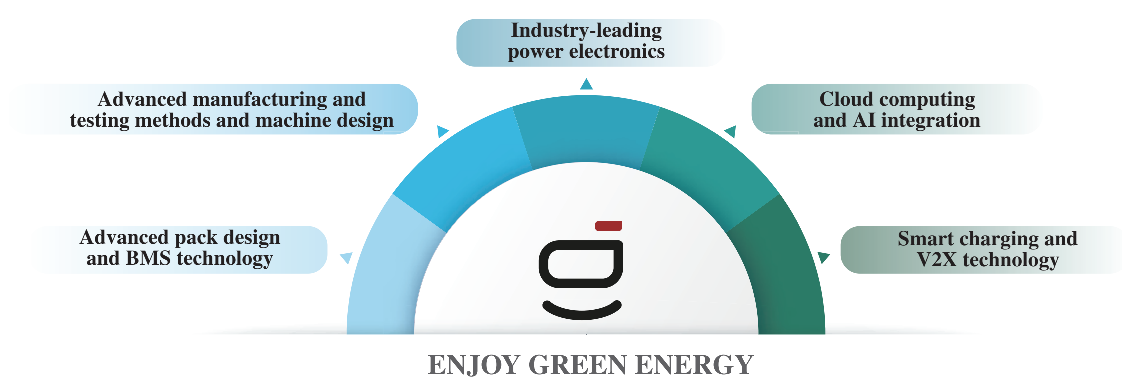
The global energy industry is undergoing a transformative shift, with solar power generation leading the way in renewable energy. Energy storage has become crucial for addressing the inherent intermittency and variability of solar power, solidifying its role as a vital link in the future of energy consumption for homes and businesses worldwide. At the same time, the rising demand for electronic vehicles has positioned the integration of solar power generation, storage, and charging as the most effective and practical distributed energy solution. AI technology, emerging as a powerful catalyst, has further enhanced the efficiency of energy production, management, and distribution, redefining the future of sustainable energy.

Amid this evolving landscape, stackable all-in-one ESS solutions that integrate solar power generation and energy storage are poised to drive the global pursuit of energy independence for homes and businesses. Since the introduction of the first stackable all-in-one ESS solution in 2022, global shipments have risen from 0.1 GWh in 2022 to 0.6 GWh in 2023 and are projected to surge to 36.1 GWh by 2029, representing a remarkable CAGR of 87.8% from 2024 to 2029.

Through the seamless fusion of cutting-edge power electronics, cloud computing, and AI technology, we launched *SigenStor* — the world's first AI-optimized, 5-in-1 ESS solution, according to Frost & Sullivan. This innovative solution combines a solar inverter, EV DC charger, PCS, battery pack, and EMS with a modular and stackable product design. Since its debut, *SigenStor*'s unique value propositions have driven rapid market acceptance, with sales volume of *SigenStor* increasing exponentially from nil in 2022 to 18 MWh in 2023 and further to 220 MWh in the nine months ended September 30, 2024. This success has made us the world's No. 1 provider of stackable all-in-one ESS solutions by product shipments in the nine months ended September 30, 2024, and the fastest-growing ESS provider in China, as measured by the number of years taken to reach US$100 million in annual revenue, according to Frost & Sullivan. We believe that our proven growth trajectory, market leadership, and commitment to excellence in product design and technological innovation position us well to harness the long-term potential of this expanding market.

Strong Technological Innovation Capabilities

Fueled by our strong technological innovation capabilities, we have developed a comprehensive suite of proprietary software and hardware technologies across power electronics, battery management systems (BMS), smart charging and Vehicle-to-Everything (V2X), cloud computing and AI, as well as advanced manufacturing and testing methods and machine design.



Industry-leading power electronics. We have pioneered an industry-leading DC bus architecture design, seamlessly integrating photovoltaic storage inverters, battery packs, and DC chargers through a unified DC bus. This design enables efficient and flexible configurations to meet diverse customer needs across various scenarios. Our commitment to achieving low failure rates is supported by comprehensive, end-to-end reliability measures, encompassing rigorous quality control of raw materials, advanced hardware and software reliability design, intelligent production management, and continuous process improvements. Our solutions excel in coordinated photovoltaic and high-capacity energy storage control, featuring cutting-edge grid connection and off-grid algorithms. Leveraging power electronics and digital control technologies, we deliver optimal on-grid and off-grid performance, enabling a seamless and intelligent energy experience.

Advanced pack design and BMS technology. We leverage advanced pack parallel design technology, forming battery packs with minimal cells in series, connected through a fully parallel architecture. Each pack integrates an isolated DC-DC module to elevate its voltage to the operating range required by the PCS, ensuring optimal system performance. Our integrated BMS, coupled with sophisticated cloud-based algorithms, enhances the intelligence and safety of our energy storage solutions. This innovative approach results in a robust, highly reliable battery system that prioritizes user safety and efficiency, embodying the forefront of energy storage technology.

Smart charging and V2X technology. We are the first in our industry to introduce the bi-directional EV DC charging module for V2X applications to enable bi-directional energy flow between batteries and appliances, empowering electric vehicles to both charge and return energy to the grid. Our proprietary high-power DC charging modules, bidirectional charging and discharging systems, and charging core controllers are all designed and developed in-house, showcasing a platform-based, modular approach. This comprehensive design supports global charging communication standards and ensures exceptional vehicle compatibility and first-attempt charging success. To address the challenges of remote charging station management, we leverage digital twin and data-driven technology to enable predictive maintenance, enhancing the reliability and safety of our products beyond traditional remote diagnostics, which substantially reducing costs. Furthermore, through the compliance with ISO 15118 standards, we have developed advanced interaction technologies that seamlessly integrate vehicles with homes, buildings, and power grids, effectively solving vehicle-to-charger interoperability issues.

Cloud computing and AI integration. We have developed *Sigen Cloud*, a highly scalable cloud-native platform capable of supporting extensive processing across varied usage scenarios. Our *Sigen Cloud* platform provides a unified management platform for distributors to manage their operations more efficiently, from placing equipment orders and tracking installation progress to monitoring power station growth and user expansion. Integrating this platform with the unified architecture of the *mySigen* App allows seamless interconnectivity across product modules, enabling real-time monitoring, management, diagnosis, and troubleshooting on a single platform. By embedding AI technology in solar inverters, energy storage systems, charging stations, and energy management systems, we enhance safety, efficiency, and user experience. Our advanced multi-power switching strategy enable smooth transitions between grid, photovoltaic storage, and generator operations, fostering an intelligent energy ecosystem for residential, commercial, and industrial use. Additionally, our system effectively supports virtual power plants that can partake in power system services and market transactions, creating new revenue opportunities for users while contributing to regional grid stability.

Advanced manufacturing and testing methods and machine design. We have pioneered several groundbreaking technologies that address key industry challenges. These include the development of the CTP pack manufacturing and testing methods, a fully automated gluing process, and the innovative 6 pack stacking technology, which significantly enhances energy density. Our multi-layer stacking thermal cascade technology further improves heat dissipation, while our high-availability, explosion-proof battery protection design ensures greater safety and reliability. Together, these advancements solve common problems such as complex assembly processes, inefficient space utilization, and the risk of thermal loss and explosion, optimizing equipment integration and improving reliability of critical components, such as inverters and batteries.

Compelling Product Value Propositions Elevating User Experience

Underpinned by our strong technological innovations, we have thoughtfully developed our *SigenStor* to offer unique value propositions and an enhanced user experience to our customers and end users:

- ***Integrated design with scalability***. According to Frost & Sullivan, *SigenStor* is the world's first AI-optimized, 5-in-1 ESS solution that integrates a solar inverter, EV DC charger, PCS, battery pack and EMS. With its elegant modular and stackable design, users can effortlessly expand or replace modules to meet diverse capacity requirements across various use applications, offering remarkable flexibility and scalability.

- ***Streamlined installation and configuration***. *SigenStor* revolutionizes energy storage installation with its user-friendly design, which significantly reduces the complexity and technical skills required for installation. By eliminating external wiring through a floating terminal design and incorporating screw-free decorative parts, *SigenStor's* modular design allows for a streamlined setup within 15 minutes, which reduces installation costs. *SigenStor* features full networked communication with automatic equipment networking and parameter filling, reducing configuration and debugging time to just five minutes, as well as fast OTA software updates with parallel module upgrades.

- ***Safety and reliability***. *SigenStor* is leading the safety standards for the industry, incorporating five layers of protection — from a high-temperature insulated pad and an integrated fire extinguisher to aerogel insulated pads, a decompression valve, and temperature sensors. This comprehensive approach safeguards against overheating, overcharging, short circuits, and other potential hazards, ensuring safe operation while reducing the risk of failures. Furthermore, our ESS solutions monitor grid status in real time and can execute rapid on- and off-grid switching, delivering uninterrupted power supply and ensuring energy stability and reliability for customers.

- ***V2X-enabled EV DC charging***. We are the first in our industry to introduce the bi-directional EV DC charging module for V2X applications to enable bi-directional energy flow between batteries and appliances, empowering electric vehicles to both charge and return energy to the grid. This innovation enhances convenience, energy flexibility and sustainability, with support for 25kW fast charging, greatly shortening the charging time of electric vehicles.

- ***AI-optimized operations***. We have integrated AI into the traditional energy industry, and have introduced AI assistants as well as AI-assisted energy consumption, scheduling and safety features to bring consumers an innovative ESS experience. As the industry's first ESS company to integrate GPT-4o according to Frost & Sullivan, our *mySigen* App boasts an intuitive, multilingual natural language Q&A interface, and analyzes user electricity use, weather data and other information using intelligent AI models to provide customized energy recommendations and optimization solutions. Our software platform can also sync with leading virtual power plant (VPP) vendors in various regions around the world through our API interface, and also supports automatic capture of real-time dynamic electricity prices from over 20 countries and over 60 power companies, enabling our users to monitor and adjust to electricity price fluctuations.

Go-To Partner for Top Distributors Worldwide

Since our founding, we have quickly established our footprint worldwide, including Europe, APAC, Africa, and North America — regions with tremendous demands and significant growth in renewable energy solutions. The scalability and performance of our products have enabled us to rapidly attract a growing, loyal customer base consisting of leading distributors across different markets. As of the Latest Practicable Date, we collaborated with 99 distributors across over 60 countries and regions, as well as over 5,600 registered installers, and we have become the go-to partner for leading distributors in all major markets such as Europe, APAC and Africa, including the top distributor in the UK, Ireland, Sweden, South Africa, Australia and United States.

Our localized sales force effectively covers major distributors across geographic markets through a diverse range of sales channels, including trade fairs, exhibitions, social media platforms, and online communities. This network allows us to gain invaluable insights into end-user needs which are often localized. We maintain a rigorous set of protocols and procedures to manage our distribution network, ensuring effective sales practices that bolster the stability and sustainability of our partnerships. Over time, this high-quality network has validated and strengthened our brand reputation, driving the continuous expansion of our global reach. Our AI-optimized *mySigen* App seamlessly integrates with major virtual power plants around the world. This connectivity positions us as the preferred brand for these power plants, which expands our reach to a wider customer base.

End-to-End Manufacturing and Operational Excellence Ensuring Quality and Efficiency

We employ rigorous supply chain management practices, integrating world-class manufacturing equipment, advanced techniques, and comprehensive management systems to ensure consistently high product quality while optimizing operational efficiency.

Manufacturing. We harness state-of-the-art battery pack manufacturing and testing methods, along with innovative machine design engineering and a proprietary Manufacturing Execution System (MES), to enhance product quality and ensure full traceability. Our approach addresses key industry challenges, such as the module-less battery pack design, and significantly extends the lifespan of energy storage battery packs. This is achieved through the use of automotive-grade ring spot laser welding, precision clamping force simulation with servo motors, and comprehensive environmental testing that replicates user conditions. Furthermore, our fully automated gluing process increases the reliability of our inverters. Our continuous investment in manufacturing has enabled us to rapidly scale our annual production capacity from 12,000 units of inverters and 104.0 MWh of battery packs in 2023 to 58,800 units of inverters and 416.0 MWh of battery as of September 30, 2024. As of the Latest Practicable Date, our expected annual production capacity is 90,000 units of inverters and 1.8 GWh of battery packs.

Quality Control. We have developed end-to-end quality control systems and policies that meticulously oversees each stage of our operations. This system encompasses everything from demand forecasting and supply chain management to manufacturing, installation, and commissioning, extending to the actual use of our products. By ensuring comprehensive traceability throughout the entire product lifecycle, we uphold exceptional quality and reliability at every major phase.

Digital Operational System. Our proprietary cloud-based architecture, combined with a tailored ERP system, enables seamless oversight from end to end across key operational stages. From raw material intake and manufacturing processes to transportation, product delivery, and system activation, every major phase is meticulously tracked and managed through real-time, visualized data. This comprehensive approach ensures transparency and efficiency throughout the entire operational lifecycle. Our operations and maintenance platform enables our personnel to efficiently identify potential faults and issues, taking proactive steps to prevent defects and minimize the risk of future failures.

Visionary Leadership and Innovative Corporate Culture

Under the visionary leadership of our founder, Mr. Xu, we have made remarkable strides in both technology innovation and market presence. Mr. Xu brings decades of experience in the ESS and AI industries, having previously served in key leadership positions in smart PV and AI computing solutions, spearheading development of inverter teams and overseeing product planning and seamlessly integrating digital and internet technologies, and has also led the introduction of AI computing solutions deployable across diverse applications.

Mr. Zhang Xianmiao, our President, exemplifies exceptional leadership with over 17 years of experience in the photovoltaic and ESS industries. Mr. Zhang has deep experience in research and development of photovoltaic inverters, and product design and planning, and is recognized as a pioneer in China's string inverter technology. His extensive expertise and leadership have been instrumental in driving technological innovation and operational excellence within our Company.

Guided by the exemplary leadership of Mr. Xu and Mr. Zhang, we have built a highly skilled R&D team composed of seasoned industry veterans, representing 49.6% of our workforce. Over 60% of our R&D team hold master's degrees or higher, with many of our R&D team having over 10 years of professional experience in the PV industry. Our core team members come from renowned energy and technology companies, bringing extensive expertise in product development and marketing for solar inverters, energy storage batteries, power batteries, electric vehicles, and consumer electronics. This diverse experience enriches our team's strategic insight and drives the implementation of forward-thinking, cutting-edge technologies that shape our innovative approach.

OUR GROWTH STRATEGIES

We plan to implement the following strategies to achieve our long-term goals:

Continue to Invest in Technology Innovation to Broaden Product Portfolio and Use Cases

We remain committed to advancing our core R&D and technical capabilities across inverters, energy storage, and charging solutions, with a focus on elevating user experience, energy efficiency, and safety. Our strategic emphasis will include broadening our product portfolio to address a variety of use cases. For instance, in June 2024, we introduced comprehensive solutions tailored for commercial and industrial (C&I) applications, and we plan to launch new offerings for C&I and utility-scale power station scenarios. By diversifying our product range, we aim to seize growth opportunities across different markets and application scenarios. Our R&D team is vital to sustaining our innovative edge, and we will continue to invest in expanding and nurturing this critical asset. We are dedicated to attracting and retaining top-tier talent through competitive compensation, comprehensive training programs, and clear long-term career development pathways.

Integrate Cloud Computing, AI and Advanced Software Technologies

We are committed to advancing our software capabilities by incorporating the latest developments in integrated communications, AI, and Artificial Intelligence of Things (AIoT). This strategic focus will enhance our product functionality and value, encompassing AI-driven energy planning, scheduling, security protocols, and customer service features. By leveraging our robust data analytics, we aim to enhance energy efficiency through dynamic operation adjustments, power consumption optimization, and advanced energy scheduling.

Our ongoing development efforts will include continuous improvements to the AI-powered *mySigen* App, ensuring a safer, smarter, and more seamless user experience. We also plan to explore commercial opportunities through exploring new monetization models for our smart *mySigen* App features and functionalities. Additionally, we will actively pursue innovative application scenarios, such as participating in electricity market transactions and supporting dynamic electricity pricing and other value-added services.

Expand Production Capacity and Intelligent Manufacturing Capabilities

We plan to further expand our production capabilities to satisfy the rapid growth in market demand for our products. For example, at our Lin-gang manufacturing center, we are expanding a battery pack production line, with a designed annual production capacity of 0.96 GWh, while at our Nantong temporary production base, we are constructing two inverter production lines, with a designed annual production capacity of 180,000 units. See "Business — Manufacturing — Planned Production Capacity Expansion" for more details. We will also continuously strengthen our intelligent manufacturing capabilities through introducing advanced equipment and manufacturing technologies and adopting industry-leading production standards and systems to ensure high quality while optimizing our manufacturing processes.

Accelerate Global Expansion

We aim to deepen our market penetration across Europe while expanding our presence in high-growth regions, including APAC, Africa, and North America. Our strategy includes researching and delivering ESS solutions tailored to meet the unique needs of these diverse markets. Furthermore, we are exploring entry into new and emerging markets such as Latin America, the Middle East and Central Asia, leveraging our expertise to adapt and provide solutions that align with local energy demands and regulatory requirements. Through this targeted approach, we seek to enhance our global footprint and solidify our leadership in the distributed ESS solutions sector.

Enhance Strategic Cooperation along the Industry Value Chain

We plan to enhance product performance and elevate user experience by strengthening collaboration across the industry value chain. For example, by deepening partnerships with leading global chip manufacturers, we aim to secure a reliable supply of high-performance chips that drive technological innovation and accelerate product development. Additionally, we are expanding our global network by collaborating with top-tier distributors and grid systems, enabling us to reach a broader audience and deliver superior solutions worldwide. We will also deepen our partnership with virtual power plant (VPP) providers, leveraging our intelligent cloud-native *Sigen Cloud* platform's high flexibility and distributed advantages allow for rapid deployment, on-demand scaling, and high-reliability redundancy, enabling deep integration with VPP ecosystem with our solutions.

OUR AI-EMPOWERED RENEWABLE ENERGY SOLUTIONS

We develop and provide innovative renewable energy solutions for homes and businesses, integrating the latest advancements in power electronics, cloud computing, and AI. Our products are designed to integrate seamlessly into diverse residential, commercial, and industrial environments, adapting to varying energy consumption needs. To enhance user experience, we developed the AI-powered *mySigen* App, which provides comprehensive visibility and control over energy use. The app enables real-time monitoring, intuitive device management, and efficient troubleshooting across our product suite, delivering a seamless, all-in-one solution for intelligent energy management across multiple platforms and devices.

During the Track Record Period, we generated our revenues from sales of products, including primarily *SigenStor*, our flagship 5-in-1 ESS solution, which consistently represented over 90% of our total revenues. To a lesser extent, we also generated revenue from the sale of energy gateways, including three-phase gateways, C&I gateways, and single-phase gateways, as well as other products such as EV AC chargers. The following table sets forth our revenue breakdown by products, in absolute amounts and as a percentage of our total revenue, for the periods indicated.

	Period from May 24, 2022 to December 31,		Year ended December 31,		For the nine months ended September 30,			
	2022		2023		2023		2024	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
					(unaudited)			
	(in thousands, except percentages)							
SigenStor	–	–	56,174	96.4	4,318	97.6	633,386	90.5
Gateways	–	–	1,115	1.9	44	1.0	37,248	5.3
Others*	–	–	1,013	1.7	60	1.4	29,107	4.2
Total	**–**	**–**	**58,302**	**100.0**	**4,422**	**100.0**	**699,741**	**100.0**

**Note:* including primarily standalone EV AC chargers and accessories.

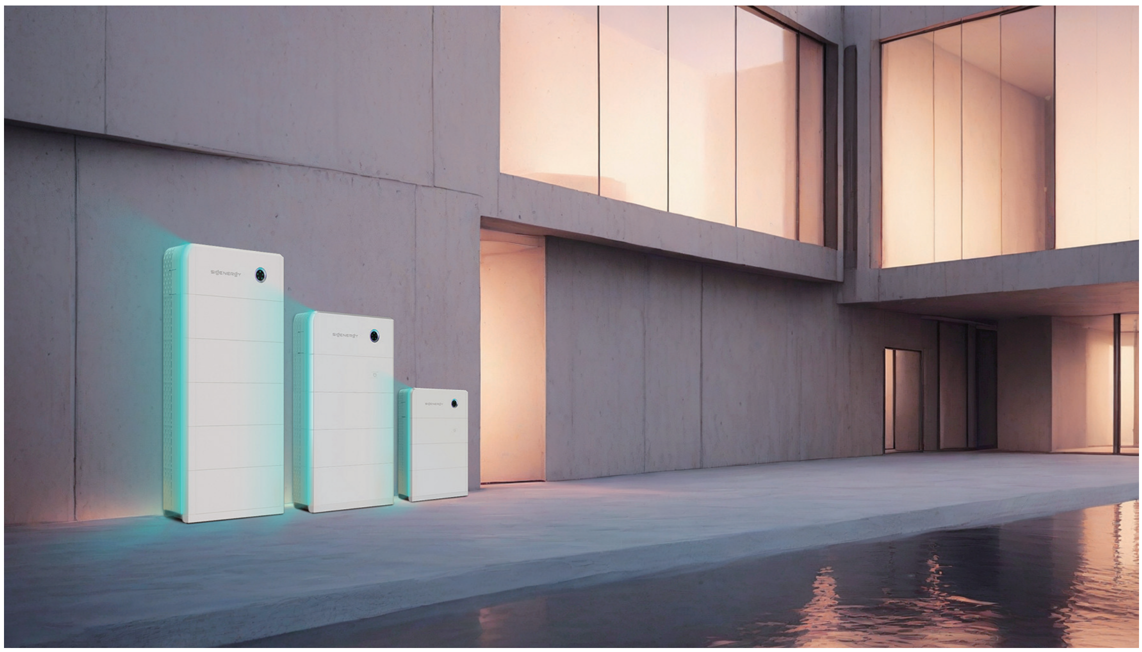
Since our inception, we have rapidly expanded our global footprint as part of our growth strategies. As of September 30, 2024, our sales network spans over 50 countries and regions, with Europe as our largest revenue source. The following table sets forth our revenue breakdown by geographical locations, in absolute amounts and as a percentage of our total revenue, for the periods indicated.

	Period from May 24, 2022 to December 31,		Year ended December 31,		For the nine months ended September 30,			
	2022		2023		2023		2024	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
					(unaudited)			
	(in thousands, except percentages)							
Europe	–	–	42,312	72.6	3,519	79.6	455,690	65.1
Africa	–	–	904	1.6	33	0.7	90,414	12.9
APAC	–	–	5,307	9.1	830	18.8	78,541	11.2
Others*	–	–	9,779	16.7	40	0.9	75,096	10.8
Total	**–**	**–**	**58,302**	**100.0**	**4,422**	**100.0**	**699,741**	**100.0**

**Note:* Other regions include Mainland China, Middle East and Central Asia, Latin America and Northern America.

Our Flagship 5-in-1 ESS Solution — *SigenStor*

We launched *SigenStor*, our flagship product, in 2023, integrating a solar inverter, EV DC charger, PCS, battery pack and EMS into one AI-optimized, 5-in-1 ESS solution in a modular and stackable design. Below is the simple yet elegant exterior design of our *SigenStor*.



We have thoughtfully crafted *SigenStor* into three core modules: the *Sigen Energy Controller*, the *Sigen EV DC Charging Module*, and the *Sigen Battery*. To ensure the optimal functionality of *SigenStor*, users are required to purchase the *Sigen Energy Controller* and the *Sigen Battery* simultaneously. Additionally, users have the flexibility to include up to six battery packs, allowing them to customize the system to meet their unique and diverse energy requirements. Installation is as simple as stacking these modules together, providing customers with a compelling user experience and remarkable scalability benefits.

Sigen Energy Controller. By seamlessly integrating solar inverters, PCS and EMS, the *Sigen Energy Controller* module functions as the "brain" of our smart *SigenStor*, maximizing energy efficiency. Specifically, solar inverters convert direct current generated by solar panels into alternating current for residential and C&I uses, and the PCS manages the flow of electricity between the battery pack and the grid, ensuring optimal performance and efficiency. We have integrated an AI-empowered EMS within this module to precisely monitor and control energy flow, optimizing usage among solar generation, storage, and consumption.

The *Sigen Energy Controller* provides a robust suite of features that enhance efficiency, reliability, and adaptability for various energy needs. Versatile in operation, the system functions both on and off the grid, offering energy security and flexibility. In single-phase configurations, it achieves a DC/AC ratio of up to 2, maximizing solar energy utilization. In three-phase setups, it supports up to four MPP trackers, improving energy harvest from different sections of the solar array. Additionally, the *Sigen Energy Controller* features multi-source black start capability, enabling independent restarts after blackouts, and an IP66 rating for dust and water resistance, ensuring durability in diverse environments.

Sigen EV DC Charging Module. We pioneered introducing the bi-directional *Sigen EV DC Charging Module* for V2X applications, allowing electric vehicles to not only charge but also supply energy back, enhancing energy flexibility and sustainability. With a high charging capacity of up to 25kW, the module allows for rapid charging using renewable solar energy, reducing carbon emissions and promoting a sustainable energy ecosystem. Its broad voltage range of 150V to 1000V ensures compatibility with a wide variety of electric vehicles, accommodating different manufacturers and models for greater user convenience.

Sigen Battery. At the base of our *SigenStor* stack is the highly scalable *Sigen Battery* module, designed to meet diverse user demands. It features high-capacity 280Ah cells operating at low voltage, delivering safety, durability and reliability across various applications. We are currently conducting internal testing to advance cell capacity expansion, with the goal of achieving an impressive 314Ah. Users can connect up to six battery packs, providing a maximum energy capacity of approximately 48 kWh. The module incorporates five layers of protection against overheating, overcharging, short circuits, and other hazards, ensuring safe operation and minimizing failure risks. Additionally, AI technology is employed to intelligently monitor and manage the battery's performance, optimizing charging and discharging cycles to extend its lifespan and enhance long-term value.

Recognized as the world's first AI-optimized, 5-in-1 ESS solution, *SigenStor* features an integrated, modular design that allows for seamless expansion to meet various capacity needs. With industry-leading safety measures including five protective layers and real-time system monitoring, *SigenStor* ensures reliable, hazard-free operation and energy stability. Its innovative design streamlines installation, enabling a complete setup within minutes and swift configuration with automatic networking and updates. Leveraging advanced AI technology, *SigenStor* delivers customized energy management, rapid system setup, intuitive support, and enhanced user interaction to meet diverse user preferences. For details about the compelling value propositions *SigenStor* offers, see "— Our Competitive Strengths — Compelling Product Value Propositions Elevating User Experience."

Energy Gateway

The energy gateway is an intelligent backup box designed to enhance energy reliability and efficiency. Capable of integrating with multiple *SigenStor* units, it forms a robust foundation for advanced micro-grid systems. Our gateways ensure seamless energy continuity, offering uninterrupted power through versatile integration with solar inverters, ESS, the grid, and backup generators. Its rapid 350-millisecond reverse power flow protection safeguards both the grid and generator, reinforcing system resilience. Furthermore, in the event of a power grid outage, our energy gateways offers 0ms load-side disruption and rapid on-grid and off-grid source switching to deliver uninterrupted power supply, further improving power supply stability and reliability. Under our gateway product category, we offer three-phase C&I and residential gateways as well as single-phase residential gateways.

Our Mobile App

We have developed an AI-empowered mobile app — *mySigen* to empower users with visibility and control over their energy consumption. Offering real-time monitoring, effortless device management, and seamless troubleshooting across our entire product range, the *mySigen* App provides a sophisticated, all-in-one solution for intelligent energy management, all at the user's fingertips across various platforms and screens.

With advanced cloud computing technology, the *mySigen* App grants users instant access to energy flow throughout its entire lifecycle. For instance, users can monitor battery status in real time, gaining transparency into charge levels, health, and performance, which enhances user engagement and management. Additionally, the app allows users to oversee and control the vehicle charging process, offering real-time management of charging schedules and energy consumption. With the *mySigen* App, users can personalize their setup to achieve optimal energy efficiency and maximize electricity savings, all while enjoying customizable ambient lighting features to brighten their homes and workplaces.

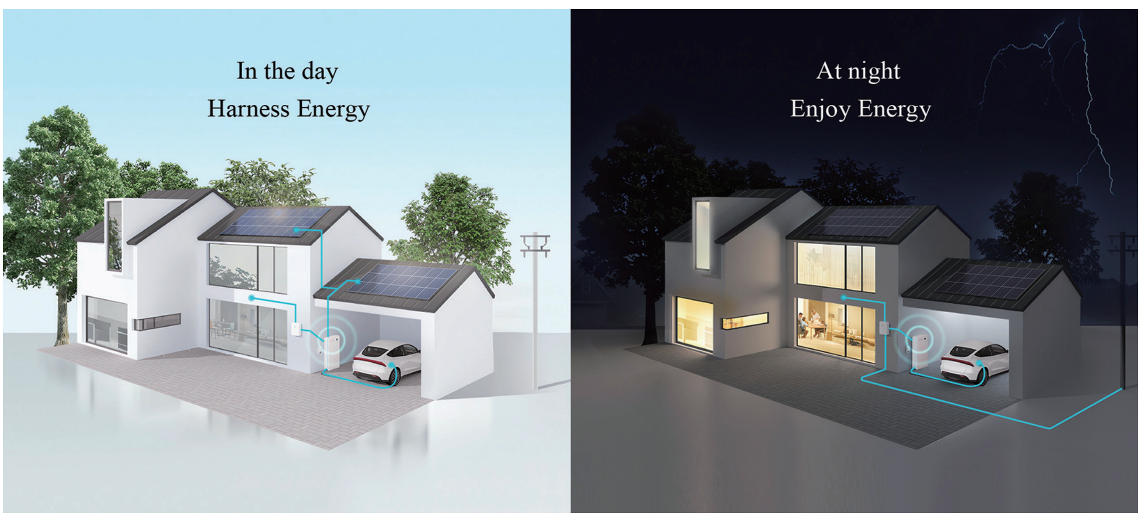
As the industry's very first energy management app to be integrated with GPT-4o, according to Frost & Sullivan, the *mySigen* App functions as an after-sales engineer, home energy analyst, and device management assistant. Powered by advanced AI technology, the app optimizes savings by automatically analyzing system operations, dynamic tariffs, and weather data to enhance efficiency and cost-effectiveness. Leveraging data-driven AI algorithms, it also enables intelligent cloud-based management of BMS batteries, providing real-time alerts for potential risks. For details of our AI application, see "Our Technology — Key Technologies."

The *mySigen* App is designed with an intuitive, user-friendly interface, featuring real-time energy flow charts and detailed energy data graphs that provide clear, immediate insights into energy production and consumption. Below is an illustration showcasing the app's interface and its key features.

Our Product Use Cases

Our products are designed to be integrated in a diverse range of residential and C&I settings, adaptable to meet varying levels of energy consumption needs. Each *SigenStor* system stacks up to six battery modules, with total cell capacity ranges from 8 kWh to 48 kWh per *SigenStor* system, and multiple *SigenStor* systems may also be connected in parallel, providing an easily scalable energy system suitable to the needs of businesses at varying scales.

Residential. Our products may be used across various climates, residence sizes and household consumption need, enabling households to lower utility bills, reduce reliance on centralized power grids, and provides a safe, reliable source of home-wide backup energy during power outages. Furthermore, our bi-directional EV DC charging modules delivers bi-directional energy flow between batteries and home appliances, enabling connectivity between vehicles, homes, buildings, and the power grid.



Commercial & Industrial. Building on our expertise in modular, stackable ESS designs and compact, user-friendly inverters, we have adapted our *SigenStor* architecture to introduce a dedicated suite of C&I ESS solutions, including our C&I inverter and battery ESS (BESS) solution. Designed for safety, flexibility, efficiency, and intelligence, our 110 kW C&I inverter stands out as the world's smallest and lightest in its power range, according to Frost & Sullivan. Its industry-leading compact form factor not only reduces transportation and installation costs but also incorporates an integrated EMS that supports parallel connection of multiple inverters and a reserved battery port for seamless integration with our C&I BESS solution, enabling effortless transitions to a modular, scalable integrated system. Unlike traditional, bulky container-based ESS solutions that often struggle to fit constrained or urban environments, our C&I BESS solution features a compact, modular, and stackable design adaptable to diverse indoor and outdoor settings, such as wineries, schools, hospitals, factories, malls, offices, and communities, enabling flexible and scalable deployment tailored to individual project needs, with easy "stack-and-play" installation and ultra-fast commissioning, while eliminating regular and complex operations & maintenance.

Product Pricing and Sales

We price our products primarily based on the overall market price. We have set clear anchor points for our market positioning of being in the premium pricing tier. Based on these anchor points, overall market prices and trends, our own profitability analysis, and negotiations with customers, we adjust our prices within the market price range to ensure competitiveness while maintaining our market positioning.

The following table sets forth details on the sales volumes and average selling prices (net of tax) of our major products during the Track Record Period.

	Period from May 24, 2022 to December 31,		Year ended December 31,		For the nine months ended September 30,	
	2022[(1)]		2023		2024	
	Sales Volume	Average selling price	Sales Volume	Average selling price	Sales Volume	Average selling price
SigenStor[(2)]	–	–	18 MWh	3.17 RMB/Wh	220 MWh	2.88 RMB/Wh
Gateways[(3)]	–	–	392 units	2,844 RMB/unit	6,673 units	5,582 RMB/unit

Notes:

(1) As we did not commence large-scale commercial production and sales in 2022, no sales data is available for the period of 2022.

(2) In line with market practices for assessing ESS sales volumes, according to Frost & Sullivan, we measure the sales volume of *SigenStor* based on the energy capacity of its battery packs sold (which is the core function for ESS solutions). Accordingly, we use "MWh" and "RMB/Wh" to measure the sales volume and average selling price for *SigenStor*, respectively.

(3) We use "unit" and "RMB/unit" to measure the sales volume and average selling price for energy gateways, respectively.

The following table sets forth a breakdown of the sales volumes of *SigenStor* by geographical locations during the Track Record Period.

	Period from May 24, 2022 to December 31,		Year ended December 31,		For the nine months ended September 30,	
	2022[1]		2023		2024	
Geographical Location	**Sales Volume (MWh)**	**%**	**Sales Volume (MWh)**	**%**	**Sales Volume (MWh)**	**%**
Europe	–	–	12	66%	127	58%
Africa	–	–	0	2%	44	20%
APAC	–	–	1	7%	28	13%
Others[2]	–	–	5	25%	21	10%

Notes:

(1) As we did not commence large-scale commercial production and sales in 2022, no sales data is available for the period of 2022.

(2) Other regions include Mainland China, Middle East and Central Asia, Latin America and Northern America.

OUR TECHNOLOGY

Key Technologies

Through our R&D efforts, we have built a fundamental core of key technologies underpinning the unique value propositions across our product range.

Power Electronics Technology

Advanced DC bus architecture. We were the first to launch a commercialized DC bus architecture design that allows the integration of photovoltaic-storage inverters, battery packs, and DC chargers via a DC bus coupling, further improving our product's high dynamic response and efficiency.

Low-failure rate high-power design and development. By implementing rigorous batch quality control of raw materials, comprehensive reliability assessments for hardware and software, intelligent production management, production processes, comprehensive fault induction and interception, we achieve a low failure rate in high-power systems through end-to-end reliability design and management.

Grid-connected and off-grid control algorithms. Our ESS solutions incorporate large-capacity energy storage with coordinated photovoltaic control and advanced grid-connected and off-grid control algorithms. We achieve optimal grid-connected and off-grid control performance, providing an advanced user experience and enabling an intelligent, interconnected energy system.

Battery Management System (BMS)

High-safety parallel design of battery packs. The fully parallel architecture utilizes a minimal number of battery cells connected in series to form the battery pack. Each pack is connected to an isolated DC-DC module, which raises the pack's voltage to the necessary range for the PCS to operate. This innovative parallel architecture offers several advantages, including fewer battery cells per module, independent control for each battery module, compatibility with different manufacturers' cells, the ability to mix old and new packs, and ensuring that a fault in a single pack does not affect the operation of other modules.

Cloud-based collaborative BMS technology. Leveraging cloud-based BMS big data with a 10-second refresh rate, this technology uses higher computational power to build an AI-driven battery system model. On the device side, a hybrid approach combining Extended Kalman Filter (EKF) algorithms is used to monitor battery data in real-time. The cloud and device systems work together using digital twin technology to enable seamless data exchange of battery model parameters, leading to more accurate calculations and predictions. Key outcomes include more precise measurement and forecasting of the battery's State of Health (SOH), real-time optimization of the State of Power (SOP) curve, correction of State of Charge (SOC) estimates, and early fault detection.

Smart Charging and V2X Technology

Smart charging. Our charging solutions support global charging communication standards, including CCS1 (North America), CCS2 (Europe) and GB (China). The core competitive advantages of our products are vehicle compatibility and the high success rate of initial charging. Leveraging our advanced DC bus architecture, our DC charging technology can flexibly utilize both grid-based and PV system power sources, coupled with AI algorithms to achieve higher energy utilization.

V2X technology. Our V2X technology enables interaction between vehicles, homes, buildings, and the power grid. We have successfully addressed the interoperability issues between vehicles and charging stations. Our research and development cover various functions, including V2L (vehicle-to-load), V2H (vehicle-to-home), and V2G (vehicle-to-grid discharging). These innovations create new application scenarios and business models, such as emergency outdoor power supply, optimized home energy management, demand-side response, and participation in grid ancillary services.

Cloud Computing and AI Integration

Cloud-native platform. We have developed *Sigen Cloud*, a cloud-native platform which can support high-volume processing of distributed energy hardware and usage scenarios with high scalability. Distributors can leverage our *Sigen Cloud* platform for not just system and device monitoring for rapid diagnosis and issue resolution, but also key business information including production, shipping, inventory and installation information to more rapidly and accurately identify market trends, make sales forecast and manage inventory. Furthermore, through the unified end-user architecture combining our cloud-native platform and the *mySigen* App, different modules can be fully interconnected into one cloud platform, with product data and analysis on the cloud enabling real-time monitoring, management, diagnosis and troubleshooting across product modules on a single platform. Our cloud-native platform also supports automatic connection and syncing of our products, greatly shortening the time required for system networking and system upgrades once our products are installed.

AI integration. We have also built an AI model using big data analysis on the massive quantities of data processed on our cloud platform and neural network models to build a cloud-based BMS, analyzing various information to accurately measure and predict measures such as battery state-of-charge, state-of-health, state-of-power and other parameters to quantify battery health status and deliver optimal operating decisions and maximizing lifespans, while also incorporating safety features such as detection of short circuit faults utilizing a full range of battery cell temperature sensors installed in our battery packs. Through using AI models to analyze system operating status and load usage, as well as dynamic tariffs and weather forecasts, we can produce power generation forecasts to optimize energy scheduling, maximizing benefits of adopting green energy solutions.

Virtual grid deployment. Through our platform's scalability and flexibility in connecting and controlling vast numbers of household PV and ESS systems, we are able to provide a reliable platform for virtual grid deployment through real-time monitoring and data communication and response.

Advanced manufacturing and testing methods and machine design

CTP pack manufacturing and testing methods. We have developed intelligent, highly reliable and economical cell-to-pack (CTP) manufacturing and testing methods, using advanced manufacturing, simulation and testing equipment and processes to solve industry pain points associated with traditional production MTP methods which require intermediate modules, improve product lifetime, improve product yield and consistency and enables intelligent management of the production process and traceability after delivery.

Fully automated gluing process. We have implemented an advanced fully automated gluing process, adopting a two-step filling and one-step vacuuming method utilizing fully automated glue filling, vacuuming and drying equipment, thereby improving the reliability of our inverters.

6-pack stacking technology. Our battery packs are designed with each battery pack connected by quick connectors which ensure reliable connections across multiple vertically stacked packs. Each *SigenStor* system supports up to 6 packs stacked vertically, expanding maximum battery capacity without increasing floor space.

Multi-layer stacking thermal cascade technology. Thermal management is a key aspect of our stackable battery pack design, and we have developed a multi-layer stacking thermal cascade technology using isolated air ducts, composite tooth-shaped radiators and outer-shell air ducts for an effective heat dissipation system that is optimized for multi-layer battery pack stacking.

High-availability, explosion-proof battery protection design. We have adopted a five-layer battery protection design, including a full range of battery cell temperature sensors, aerogel insulation pads, high-temperature insulated pads, aerogel fire extinguishers and decompression valves to provide protection against a full range of safety risks from thermal runaway to battery explosions.

Research and Development

We have established a design and development management procedure to standardize our R&D process, which adopts the integrated product development (IPD) approach, integrating product quality assurance, product development, manufacturing and procurement into a specific project team, collaborating across the entire product development lifecycle.

Our IPD process begins with a charter at project conception setting out market analysis, technology, production, testing, procurement, strategy and other preliminary plans. During the design stage, we formulate detailed work allocation and product development plans. Our development process creates the initial product based on the design plans, forming product prototypes, conducting relevant design verification and testing, as well as determining the initial cohort of customers for product pilot runs. We verify our products through delivering working prototypes to customers for trial runs, identifying and resolving issues arising during live use to finalize designs for commercial production. Prior to beginning mass production and full commercial launch, we conduct an internal trial production for the finalized product and set plans for product launch and after-sales support and maintenance. At each stage, we conduct technical reviews to ensure the quality of our product and production process. To maximize flexibility and efficiency of our R&D process, we also integrate platform-based R&D capabilities, and we have established a common architecture platform for our residential and C&I ESS solutions, which enables both efficient technical R&D and iteration of existing product lines as well as R&D expansion across different product applications.

As of September 30, 2024, we had 343 full-time R&D employees, approximately 60% of which hold a master's degree or higher, with many of our R&D team having over 10 years of professional experience in the photovoltaic and ESS industries. To streamline and focus our R&D efforts, we have established ten main R&D departments, focusing on product management, system design, product lifecycle management, systems management, systems engineering, hardware, software, project management, testing, and quality & operations, respectively.

MANUFACTURING

Manufacturing Facilities

We mass produce our key products or product components, primarily including inverters and battery packs, at our manufacturing facilities located in the Lin-gang New Area in Shanghai and Nantong, Jiangsu. Our inverter units for *SigenStor* are built with integrated EMS and PCS systems, and can be easily stacked with battery packs and EV DC chargers, completing our modular *SigenStor* design. The following table sets forth key details of our manufacturing facilities as of the Latest Practicable Date.

Manufacturing Facility	Geographic Location	Key Product Type(s)	Acreage (m^2)	Annual Production Capacity[(1)]
Lin-gang Manufacturing Center	Shanghai, China	Inverters and battery packs	20,455.48	Inverters: 75,000 units Battery packs: 1.8 GWh
Nantong Temporary Production Base	Jiangsu, China	Inverters (C&I)	10,331.41	Inverters (C&I): 15,000 units

Note:

(1) Annual production capacity is calculated based on the designed production rate of our production lines as of January 31, 2025 under normal uninterrupted operations for 12 hours per day for 22 working days, multiplied by 12, and taking into account our current production expansion plans for 2025.

Our Lin-gang manufacturing center is outfitted with state-of-the-art technology and innovative processes that enable the efficient production of high-quality products. Advanced testing systems such as aging and fully automated inverter testing, and a comprehensive range of quality control tools, including metallographic analysis equipment, battery testing equipment, safety testing equipment and general measuring equipment, are integral to our operations. We have also implemented the latest self-developed manufacturing execution system (MES) to streamline our processes and provide real-time monitoring throughout production, enabling traceability throughout the entire production process from key components to finished products.

Below are images of our Lin-gang manufacturing center and its advanced equipment.

During the Track Record Period, we have continually expanded our production capacity to meet the growth in demand for our products and in line with our expansion strategy and market demand forecasts. We determine our production capacity plans and identify any capacity shortfalls based on product delivery plans derived from market demand analysis in the regions we operate in. Our total annual production capacity for inverters grew from 12,000 units in 2023 to 58,800 units in the nine months ended September 30, 2024, while our total annual production capacity for battery packs expanded from 104.0 MWh in 2023 to 416.0 MWh in the nine months ended September 30, 2024. As of the Latest Practicable Date, our expected annual production capacity is 90,000 units of inverters and 1.8 GWh of battery packs.

The following table sets forth the designed annual production capacity, actual output and utilization rates by products at our manufacturing facilities during the Track Record Period.

	Period from May 24, 2022 to December 31,			Year ended December 31,			For the nine months ended September 30,		
	2022(1)			2023			2024		
Product	Designed Capacity	Actual Output	Utilization Rate(2)	Designed Capacity	Actual Output	Utilization Rate(2)	Designed Capacity	Actual Output	Utilization Rate(2)
Inverters (units)	–	–	–	12,000	8,498	70.8%	58,800	43,277	73.6%
Battery packs (MWh)	–	–	–	104.0	70.9	68.2%	416.0	367.1	88.3%

Notes:

(1) As we did not commence large-scale commercial production and sales in 2022, no statistics data is available for the period of 2022.

(2) The utilization rate is calculated by dividing the actual output by the designed capacity for the same period.

During the Track Record Period, the vast majority of products manufactured at our facilities were sold under our own brand name, reflecting our strong emphasis on building a distinct market identity. On a limited scale, we also operated under an Original Design Manufacturer (ODM) model, producing inverters, battery packs, energy gateways, AC chargers, DC chargers, and related accessories for select independent third parties under their respective brands. This strategic approach has been adopted selectively in markets where partnering with established local players, who possess mature sales channels and extensive operational experience, allows us to more effectively and rapidly penetrate new sales channels and expand our market presence. The ODM agreement ensures product compliance with regulatory standards in the designated sales territories or, where unavailable, with industry norms. ODM customers commit to an annual minimum purchase volume and coordinate their channel expansion plans to avoid conflicts with our existing sales channels. These ODM customers also provide a six-month rolling forecast to support production planning. We in turn guarantee warranty and after-sales support, including remote troubleshooting and access to technical resources, ensuring reliable service delivery. In 2022, 2023, and the nine months ended September 30, 2024, we manufactured products for zero, one, and two ODM customers, respectively. In 2022, 2023 and the nine months ended September 30, 2024, revenues generated from these ODM customers accounted for nil, 12.1% and 7.3% of our total revenue, respectively.

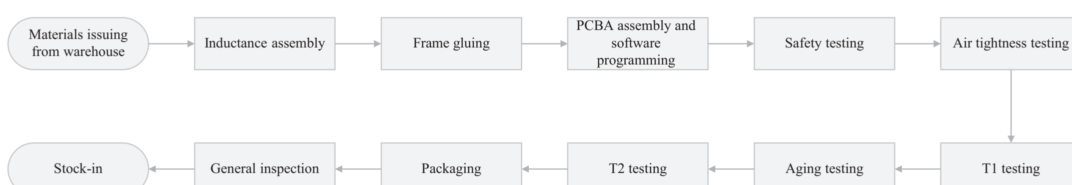
Planned Production Capacity Expansion

We intend to further increase our overall production capacity progressively to satisfy growing market demand in the short term by expanding both our Lin-gang manufacturing center and our Nantong temporary production base. At our Lin-gang manufacturing center, we are expanding a battery pack production line, with a designed annual production capacity of 0.96 GWh, and is expected to be completed in June 2025. At our Nantong temporary production base, we are constructing two inverter production lines, with a designed annual production capacity of 180,000 units, and is expected to be completed by May 2025. The estimated capital expenditure for our expansion plans are approximately RMB24 million. Furthermore, in the future, we plan to build a new production base in Nantong, Jiangsu for the production of C&I and residential ESS solutions, with an expected annual production capacity of approximately 1.4 GWh in ESS battery packs and 190,000 inverter units. We expect to begin production at the new production base in 2026, and our estimated capital expenditure is approximately [**REDACTED**]. As of the Latest Practicable Date, we have not yet commenced construction work for the new Nantong production base.

Manufacturing Process

Below are flow charts showcasing the key steps throughout our manufacturing process for inverters and battery packs, the two major products from our manufacturing centers. At each key step of our production process, we conduct comprehensive testing to promptly resolve issues and faults as they are identified throughout the production process.

Inverters



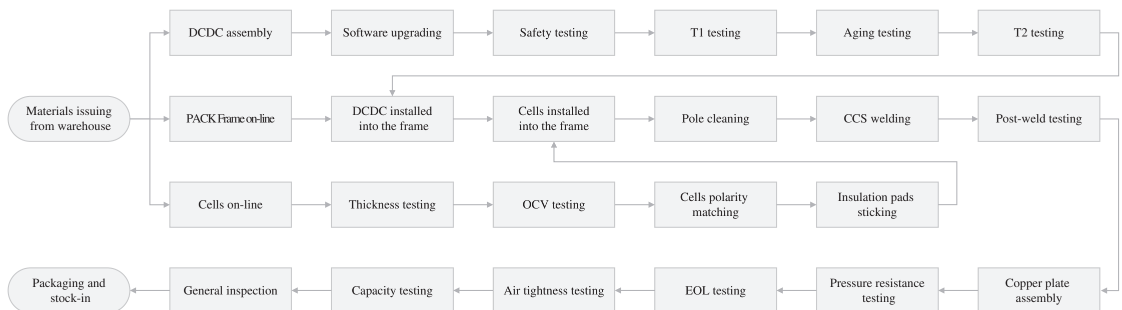
1. **Material Preparation and Assembly**. Raw materials, such as structural and electronic components are procured in accordance with production specifications and our inverter bill of materials. Key components, including inductors, enclosures, and printed circuit board assembly ("**PCBA**"), are assembled with precision.

2. **Functional and Integrity Testing**. The assembled inverter unit undergo a series of rigorous tests, starting with safety and airtightness testing, which verify structural integrity and sealing performance. Inverters that do not meet standards are sent for immediate repair and re-testing to maintain process consistency and quality assurance.

3. **Performance Validation**. Advanced performance tests, including T1 and T2 testing phases, are conducted to ensure that all functional parameters meet design specifications. Aging tests are also performed to validate product reliability and stability under high temperature operating conditions. Any non-conforming units are repaired and re-tested to uphold quality benchmarks.

4. **Final Inspection and Packaging**. Inverters that pass the performance validation are packaged according to strict handling and storage requirements. Before entering inventory, a comprehensive final inspection ensures that each unit adheres to our stringent quality standards and guarantees product reliability.

Battery packs



1. **Material Sourcing**. According to our battery pack bill of materials, our key raw materials, including electronic components for our DC/DC converter, structural components for our battery pack frame, and battery cells, are procured. Raw materials, such as structural and electronic components as well as battery cells, are sourced according to production specifications and our battery pack bill of materials.

2. **Component Assembly and Testing**. We assemble PCBAs procured into DC/DC converters, which then undergo a series of DC/DC testing (including safety testing, functional testing, and aging testing), which are in turn assembled into our battery pack frames. Our battery cells undergo a series of appearance inspections, thickness testing, and open-circuit voltage testing before being installed into the external case following the DC/DC converter unit. We then install the battery cell, connecting the battery cells in series or parallel through laser welding. Each stage of our component assembly uses automated precision machinery, and is rigorously controlled to meet the required electrical, mechanical, and thermal performance standards. Assembled units undergo a series of critical tests, beginning with safety and airtightness testing to verify the mechanical integrity, insulation and sealing performance. Additional tests include functional assessments to ensure the PCBA operates within the designated parameters. Non-conforming products are immediately redirected for rework and further inspection to ensure consistent product quality.

3. **Performance Validation, Inspection and Packaging.** Assembled battery packs are put through a series of performance testing including voltage testing, functional testing and capacity testing. after passing the performance testing, each battery pack undergoes comprehensive final QC inspection to ensure it meets all quality control parameters, including electrical functionality, mechanical integrity, and appearance. Products are then

packaged according to industry-standard handling and storage requirements. Only battery packs passing the final inspection are approved for sale and stored into inventory, ensuring that customers receive products of the highest quality.

Quality Control

We have established a comprehensive quality control procedures at each stage of our manufacturing operations, including inbound quality control (IQC), process quality control (PQC) and outbound quality control (OQC). Our IQC procedures governs inspection, sampling and testing, material review board assessment, and inspection determinations to ensure that incoming materials meets out quality requirements and provide a basis for evaluating and selecting suppliers. Our PQC procedures sets forth the quality control inspection requirements and procedures at each stage of the manufacturing process. Our OQC procedures sets forth the quality control inspection requirements and procedures for our finished products, such as the performance, external packaging, buffer material, accessories and labels and warnings.

We employ proprietary quality testing programs designed to fully automate the inspection process, achieving cost-effective quality control without relying on external vendors. Our rigorous quality control procedures, combined with advanced testing systems, have enabled us to maintain consistently high standards, evidenced by quality accreditations earned across numerous countries and regions. For example, our products have also obtained various international certifications, including EU RoHS Directive, REACH Regulations, Battery Directive, Battery Regulations and EMC Directive compliance certifications, as well as IEC62619, IEC62109 and IEC62040 certifications, certified by agencies such as TÜV and SGS.

BUSINESS SUSTAINABILITY

We were incorporated in May 2022 and began commercial production and sales in May 2023. Since inception, we have been loss-making mainly because we are at the nascent stage of development. We reported a net loss of RMB76.2 million in 2022, reflecting expenses incurred during our establishment, when large-scale commercial production and sales had not yet commenced, and no revenue was recorded. In 2023, we recorded a net loss of RMB373.5 million primarily due to the initial ramp-up of commercial sales, coupled with significant investments in scaling production, expanding our global distributor network, fostering end-user growth and engagement, and advancing product and technology R&D. However, our net loss narrowed significantly from RMB199.6 million in the nine months ended September 30, 2023 to RMB53.4 million during the same period in 2024, driven by rapid sales growth through our expanding global distribution network.

Specifically, our global distribution network experienced rapid growth during the Track Record Period, increasing from nil as of December 31, 2022 to 26 distributors as of December 31, 2023, and further to 81 distributors as of September 30, 2024. As of the Latest Practicable Date, we now collaborate with 99 distributors across over 60 countries and regions. Through this quality and expanding distribution network worldwide, we have ramped up sales of our

SigenStor from nil in 2022 to 18 MWh in 2023, and further to 220 MWh in the nine months ended September 30, 2024. As we rapidly scale our business, we have also benefited from enhanced economies of scale and operational efficiency, resulting in an improved profitability profile of our business operations.

Going forward, we will seek to continue to improve profitability by implementing the following strategies.

- *Continue to grow our distribution network and geographic coverage*: We aim to further expand our distribution network and end user reach through continued geographical expansion. As of the Latest Practicable Date, we have partnered with 99 distributors across over 60 countries and regions. We expect that there will be tremendous opportunities in the distributed ESS market worldwide. According to Frost & Sullivan, the annual global shipment volume of distributed ESS is expected to increase from 79.0 GWh in 2024 to 331.7 GWh by 2029, at a CAGR of 33.2%, and at a higher growth rate than centralized ESS shipment volume for the same period. Leveraging such favorable industry tailwinds, we intend to continue to expand our presence into an increasing number of high-growth markets and regions, while deepening our market penetration in existing markets. We expect our revenue growth to continue to accelerate as we continue expanding our distributor network and geographic reach.

- *Expand product portfolio and revenue streams*: We plan to continue to expand our product and service offerings to address the evolving energy consumption needs of society. This effectively increases our revenue streams and enables us to capture market opportunities across utility-scale, C&I and residential application scenarios, paving the way for our long-term profitability. We have been able to expand our offerings cost-effectively, leveraging our deep technical knowhow and R&D capabilities. For example, in June 2024, we have expanded our established modular ESS design of *SigenStor* into a dedicated C&I BESS solution. The expansion of our offerings also drives greater economies of scale and synergies through common technology, hardware and software, and operational development capabilities as well as cross selling opportunities across different offerings.

- *Efficient management of operating expense and cost control*: Our operating expenses include administrative expenses, selling and distribution expenses, and research and development expenses. Looking forward, we anticipate that our overall operating expenses will continue to decrease as a percentage of revenue, driven by achieving greater economies of scale as we continue to expand our product and technology portfolio, market reach and global distribution network. Furthermore, we plan to optimize resource allocation and improve operational efficiency to bolster overall profitability, through, among others, continually optimizing our production processes, equipment and technologies, and strengthening resilience to raw material cost fluctuations.

SUPPLY CHAIN MANAGEMENT

We primarily procure batteries, semiconductors, and other essential components for our products, as we believe that maintaining high product quality relies significantly on sourcing top-tier raw materials and supplies from trusted suppliers. To ensure this, we have established comprehensive internal policies and procedures that guide our procurement activities, securing a reliable and timely supply of key components to support our manufacturing processes and overall operations.

We maintain a list of qualified suppliers which have been stringently assessed and certified by us to ensure the consistent quality of our supplies. Prior to procurement, our procurement department pre-screens supplier candidates based on factors such as certifications, production capacity and technical capabilities. For those who pass the pre-screening, we may conduct on-site inspections to confirm adherence to our quality standards. We evaluate at least four qualified suppliers for any procurement to ensure competitive pricing, and determine the final supplier through joint evaluation and decision-making by our procurement review committee to ensure transparency, fairness and compliance with our internal policies and procedures. We periodically review and assess supplier performance across criteria such as quality, pricing, and reliability. Suppliers who conditionally pass or fail our annual audit are assigned a dedicated team to support performance improvement, and we also reserve the right to remove them from our list if standards are not met.

As of September 30, 2024, we collaborated with 945 suppliers worldwide, with the majority being based in China. We believe that our rigorous supplier selection and evaluation criteria, extensive pool of qualified suppliers, and strong, stable relationships with reliable partners have enabled us to secure a steady supply of high-quality materials, mitigate reliance risks, and minimize exposure to unexpected fluctuations in raw material prices. During the Track Record Period, we encountered no significant incidents of supply interruptions, early contract terminations with suppliers, or raw material shortages.

We generally enter into a standard supply agreement with each of our suppliers, with key contractual terms outlined below:

- **Term and termination**. To maintain a reliable supply chain, our supply agreements generally have a three-year term with options for renewal. We reserve the right to terminate the agreement in the event of a material breach by the supplier.

- **Quality**. Quality standards for products are outlined in the supply agreement. Suppliers must ensure all products meet the agreed specifications and quality benchmarks, and they are liable for any losses incurred due to quality deficiencies in their products.

- **Pricing**. The pre-determined pricing of procured products will be specified in each order.

- **Delivery**. Suppliers are responsible for delivering products to our designated location, as specified in the purchase order, with delivery costs allocated accordingly as the case may be.

- **Inspection and acceptance**. Upon delivery, we inspect products and reserve the right to reject any defective products that fail to meet the agreed-upon quality standards. Suppliers are responsible for remedying any defects, including returns and replacements. We assume the risk of loss only after the products are accepted.

- **Intellectual properties**. We retain the intellectual property rights of any materials containing data and information provided by us to our suppliers. Our suppliers are responsible for any third party intellectual property claims against us in relation to products or services provided by our suppliers.

- **Business integrity**. To uphold the integrity of our business relationships, we require suppliers to comply with applicable anti-bribery laws and regulations, as well as our related policies.

Top Five Suppliers

Purchases from our five largest suppliers in each of 2022 and 2023 and the nine months ended September 30, 2024 accounted for 43.5%, 41.1% and 47.4% of our total purchases for the respective periods. Purchases from our largest supplier in each of 2022 and 2023 and the nine months ended September 30, 2024 accounted for 14.5%, 14.3% and 19.7% of our total purchases for the respective periods. See "Risk Factors — Risks Relating to our Business and Industry — We rely on a limited number of suppliers for our production. A significant interruption in the operations of our suppliers could potentially affect our operations and any material misconduct or disputes involving our suppliers could adversely affect our business, results of operations, financial condition and prospects."

The following table sets forth details of our five largest suppliers in each year or period during the Track Record Period:

				Period from May 24, 2022 to December 31, 2022				
No.	**Supplier**	**Business scope**	**Products provided to us**	**Purchase amount**	**% of total purchase amount**	**Length of relationship**	**Payment method**	**Credit terms**
				(RMB in thousands)				
1 . .	Supplier A	A distributor of electronic components and products	Electronic components, electronic products	366	14.5%	Since 2022	Telegraphic transfer	Cash on delivery
2 . .	Supplier B	A lithium battery manufacturer, covering consumer battery, power battery, energy storage battery core technology and comprehensive solutions	Battery cell	217	8.6%	Since 2022	Telegraphic transfer	30 days
3 . .	Supplier C	A distributor of electronic components and products	Electronics	181	7.2%	Since 2022	Telegraphic transfer	/
4 . .	Supplier D	A distributor of electronic components	Electronic components/ passive resistors and capacitors, diodes and transistors, MOSFETs, analog ICs, power ICs	179	7.1%	Since 2022	Telegraphic transfer	90 days
5 . .	Supplier E	A professional manufacturer focusing on the research and innovation of high-end lithium batteries	Battery cell	155	6.1%	Since 2022	Telegraphic transfer	30% advance payment, 30% upon shipment/delivery, 40% balance payable within 60 days after the month-end

	Year ended December 31, 2023							
No.	**Supplier**	**Business scope**	**Products provided to us**	**Purchase amount**	**% of total purchase amount**	**Length of relationship**	**Payment method**	**Credit terms**
				(RMB in thousands)				
1 . .	Supplier E	A professional manufacturer focusing on the research and innovation of high-end lithium batteries	Battery cell	31,197	14.3%	Since 2022	Telegraphic transfer	30% advance payment, 30% upon shipment/delivery, 40% balance payable within 60 days after the month-end
2 . .	Supplier F	A comprehensive large-scale industrial enterprise specializing in mold design and development, aluminum alloy die-casting production, CNC machining and metal surface coating	Aluminum alloy die casting production	19,813	9.1%	Since 2023	Telegraphic transfer	90 days
3 . .	Supplier D	A distributor of electronic components	Electronic components/ passive resistors and capacitors, diodes and transistors, MOSFETs, analog ICs, power ICs	14,105	6.5%	Since 2022	Telegraphic transfer	90 days
4 . .	Supplier B	A lithium battery manufacturer, covering consumer battery, power battery, energy storage battery core technology and comprehensive solutions	Battery cell	12,605	5.8%	Since 2022	Telegraphic transfer	30 days
5 . .	Supplier G	A distributor focuses on a wide range of semiconductor component	Various semiconductor electronic components sales agent and provide technical services	11,797	5.4%	Since 2022	Telegraphic transfer	60 days

	Nine months ended September 30, 2024							
No.	Supplier	Business scope	Products provided to us	Purchase amount	% of total purchase amount	Length of relationship	Payment method	Credit terms
				(RMB in thousands)				
1 . .	Supplier B	A lithium battery manufacturer, covering consumer battery, power battery, energy storage battery core technology and comprehensive solutions	Battery cell	105,403	19.7%	Since 2022	Telegraphic transfer	30 days
2 . .	Supplier F	A comprehensive large-scale industrial enterprise specializing in mold design and development, aluminum alloy die-casting production, CNC machining and metal surface coating	Aluminum alloy die casting production	71,806	13.4%	Since 2023	Telegraphic transfer	90 days
3 . .	Supplier H	A manufacturer of transformers, power products and related electronic parts	Transformers, inductors and filters	28,914	5.4%	Since 2023	Telegraphic transfer	90 days
4 . .	Supplier G	A distributor focuses on a wide range of semiconductor component	Various semiconductor electronic components	27,310	5.1%	Since 2022	Telegraphic transfer	60-90 days
5 . .	Supplier I	A manufacturer specializing in the research and development, production and sales of connecting wires and connectors	Connectors and wire harnesses	20,239	3.8%	Since 2023	Telegraphic transfer	90 days

OUR CUSTOMERS

Our primary customers are distributors who purchase our products and then distribute them to installers, end users, and others in each distributors' sales regions. For details of our relationship with distributors, including the key contractual terms, see "— Sales and Distribution — Distributorship."

Revenue generated from our five largest customers in each of 2022 and 2023 and the nine months ended September 30, 2024 accounted for nil, 72.5% and 43.0% of our total revenue for the respective periods. Revenue generated from our largest customer in each of 2022 and 2023 and the nine months ended September 30, 2024 accounted for nil, 22.9% and 10.9% of our total revenue for the respective periods. See "Risk Factors — Risks Relating to our Business and

Industry — A limited number of customers accounted for a substantial portion of our revenue during the Track Record Period, and any decrease or loss of business with any of them and failure to obtain new customers could significantly reduce our revenue and harm our results of operations."

The following table sets forth details of our five largest customers in each year or period during the Track Record Period:

	Year ended December 31, 2023							
No.	Customer	Business scope	Products purchased from us	Revenue contribution	% of total revenue	Length of relationship	Payment method	Credit terms
				(RMB in thousands)				
1. .	Customer A	A distributor focuses on high-quality inverters and batteries for residential and commercial use	Inverter, battery, gateway	13,368	22.9%	Since 2023	Telegraphic transfer	–
2. .	Customer B	A leading solar energy distributor, specializing in the procurement, installation, and distribution of solar products and services	Inverter, battery, gateway	10,006	17.2%	Since 2023	Telegraphic transfer	30 days
3. .	Customer C	A renewable energy company specializing in designing and installing photovoltaic systems for residential, commercial, and industrial use	Inverter, battery	7,650	13.1%	Since 2023	Telegraphic transfer	30 days
4. .	Customer D	A company mainly engages in the research and development, production, sales and after-sales service of mobile communication products	Inverter, battery, gateway	7,057	12.1%	Since 2023	Telegraphic transfer	–
5. .	Customer E	A wholesaler of solar energy technologies, including high-quality solar modules, energy storage systems and accessories	Inverter, battery, gateway	4,217	7.2%	Since 2023	Telegraphic transfer	30 days

			Nine months ended September 30, 2024					
No.	Customer	Business scope	Products purchased from us	Revenue contribution	% of total revenue	Length of relatinship	Payment method	Credit terms
				(RMB in thousands)				
1	Customer B	A leading solar energy distributor, specializing in the procurement, installation, and distribution of solar products and services	Inverter, battery, and gateway	76,056	10.9%	Since 2023	Telegraphic transfer	30 days
2	Customer A	A distributor focuses on high-quality inverters and batteries for residential and commercial use	Inverter, battery, and gateway	68,896	9.8%	Since 2023	Telegraphic transfer	–
3	Customer F	A leading distributor offers a wide range of products, including inverters, batteries, and PV modules	Inverter, battery, and gateway	64,102	9.2%	Since 2024	Telegraphic transfer	30 days
4	Customer G	A medium-sized distributor of solar products like inverters, batteries, and PV modules	Inverter, battery, and gateway	47,519	6.8%	Since 2023	Telegraphic transfer	45 days
5	Customer H	A manufacturer of new energy equipment, photovoltaic power generation equipment and power electronic components	Inverter, battery, and gateway	44,124	6.3%	Since 2024	Telegraphic transfer	60 days

To the best of our knowledge, none of our five largest customers during each year or period of the Track Record Period is a connected person or a supplier of us. As of the Latest Practicable Date, none of our Directors, their associates or any of our shareholders (who or which to the knowledge of the Directors owned more than 5% of our issued share capital) had any interest in any of our five largest customers during each year or period of the Track Record Period. All of our five largest customers during each year or period of the Track Record Period were Independent Third Parties.

We are dedicated to achieving customer satisfaction. Depending on specific product types and local regulations, we generally offer product warranties ranging from 2 to 10 years, with extended warranties available in select cases. After installation, users and installers can monitor the products through the *mySigen* App, which also enables users to initiate warranty claims by creating and submitting a service ticket. The app automatically gathers relevant information for submission. If a claim is received within the warranty period and the issue is covered, we will address it through configuration adjustments, software updates, or, in case of a faulty part or product, by replacing the faulty part or product. In the Europe market, we have also partnered with a third party service provider to send replaced parts to their site in Poland for centralized inspection.

To provide timely customer support and after-sales services, we cooperate with our local distributors and installers in the countries where we sell our products, and such partners form an important customer service channel for our customers. We enter into service agreements under either a service partnership model where distributors act as service partners, with us typically providing replacement parts and products to end users, while distributors are responsible for arrangement of installers to conduct on-site servicing, and we are also typically responsible for associated fees such as costs of replacement parts or a service buyout model where distributors assume full responsibility for service operations, including providing replacement parts or products to end users and on-site servicing, as well as associated fees such as labor and travel expenses. See "— Sales and Distribution — Robust Distributor Network Management" below for details. For after-sales inquiries, users may also reach us via email or phone as listed on our official website. During the Track Record Period, we did not experience any product recalls and were not subject to any product liability claims.

SALES AND DISTRIBUTION

Distributorship

We primarily rely on partnerships with distributors to market and sell our products globally. During the Track Record Period, substantially all of our revenue was generated through our expanding distribution network. Given their on-the-ground knowledge, access to diverse local families and businesses, and familiarity with local grid standards and regulatory requirements, our distributors are well-positioned to drive our penetration and sustained growth in global markets. They are able to serve local users with greater responsiveness and a more tailored approach, which allows us to expand our user base in a cost-effective manner. According to Frost & Sullivan, adopting a distributorship model is in line with industry norms.

We have established a comprehensive onboarding policy to maintain a consistently high quality among our distributors. Prior to engaging any distributor, we assess their industry experience and customer networks. Our selection process includes a thorough review of qualifications, and historical sales performance. Through these rigorous criteria, we are committed to building a global network of distributors who represent not only our products but also our corporate values.

As of the Latest Practicable Date, we collaborated with 99 distributors worldwide, which include the top 10 distributors in all major markets such as Europe, APAC, Africa, and North America. To the best of our knowledge, all of these distributors were Independent Third Parties with no additional affiliations to our Company as of the Latest Practicable Date. Our relationships with these distributors operate on a seller-buyer basis, where they purchase products from us to resell to installers and/or end users. Sales generated by these distributors are generally recurring. See also "Risk Factors — Risks Relating to Our Business and Industry — We rely on our distribution network to promote and sell our products and services and generate a vast majority of revenue from our distributors."

The following table sets forth the changes in the number of our distributors during the Track Record Period.

	Period from May 24, 2022 to December 31,	Year ended December 31,	For the nine months ended September 30,
	2022	2023	2024
At the beginning of the period	0	0	26
Additions of new distributors	0	26	55
Termination of existing distributors	0	0	0
Net increase in distributors	0	26	55
At the end of the period	0	26	81

Key Contractual Terms with Distributors

We generally enter into a standard distribution agreement with each of our distributors across different regions, with key contractual terms outlined below:

- **Term and termination**. The distribution agreement typically spans between one and three years, with renewal options available. Either party may terminate the agreement without cause, given three months' prior notice, or immediately in the event of a material breach by the other party. Upon termination, all payments due must be settled, accepted orders fulfilled, and our materials returned.

- **Designated sales territory**. We assign specific sales territories within which each distributor is authorized to market and sell our products. Except as required by local laws and regulations, distributors are generally restricted from selling outside their designated territories to prevent market cannibalization, with certain exceptions. As our products, such as SigenStor and gateways, are connected to our system upon installation, we can easily trace its assigned location and verify whether it falls within a distributor's designated sales territory. As a consequence for breaching this requirement, we withhold product warranties and after-sales services for any products sold outside the designated territory.

- **Sales targets and rebates**. Distributors are required to meet annual sales targets during their term of engagement. These targets vary among distributors based on factors such as general market conditions, economic development levels, our market penetration, strategic objectives, and estimated customer demand in each territory. Should a distributor fail to meet its targets, we reserve the right to reconsider our business relationship, evaluating factors like overall market conditions, other distributors' performance, and the availability of alternative distributors in that region. To incentivize performance, we offer sales rebates for meeting targets, which are typically determined based on a case-by-case basis, considering market potential and the unique circumstances of each distributor. These rebates can be applied toward any outstanding accounts payable by the distributor.

- **Product pricing**. We do not set fixed prices for our distributors but provide suggested retail prices to comply with antitrust laws and regulations in relevant jurisdictions. The same product may be priced differently by the same distributor in different regions, as distributors have full discretion over their pricing, and typically exceeds our wholesale pricing.

- **Minimum order quantities**. Our standard terms and conditions of sales of products between us and our distributors sets forth agreed product unit prices and minimum order quantities ("MOQ"). If the purchase quantity of a purchase order is not an integer multiple of the MOQ, both parties shall negotiate to increase the unit prices in such purchase order accordingly.

- **Payment settlement**. We generally require distributors to settle payments upfront before shipping ordered products, although credit terms may be granted on a case-by-case basis.

- **Product returns/refunds**. Under our standard terms and conditions of sales of products between us and our distributors, sales of our products are made on a one-way basis and distributors generally do not have a right to return products purchased from us. However, in the event that distributors notify us within a certain time period after delivery that our products (a) were damaged, defective or otherwise do not conform to the model number listed in the applicable purchase order, or (b) were delivered as a result of our error, we may determine, at our own discretion, whether to repair or replace such products or to refund the price of the products.

- **Product recalls**. We may issue recall notices upon the occurrence of certain events which our distributors must unconditionally implement. Our distributors have no right to initiate or participate in product recalls without our prior approval.

- **Legal compliance and business integrity**. Upholding the highest standards of business integrity is fundamental to our corporate culture, particularly in the sales and marketing activities conducted through our distribution network. Our distributors are contractually obligated to comply fully with all applicable laws and regulations, including those related to export controls and data security. Furthermore, upon receiving prior written notice, distributors are required to provide books, records, and other documentation to facilitate audits by authorities, ensuring the authenticity and compliance of transactions.

Robust Distributor Network Management

- **Anti-cannibalization**. In order to prevent channel cannibalization, we conduct comprehensive market research to determine and limit the number of distributors in a particular sales region, and such geographic limitations are further reflected as a standard term of our distributor agreements. Furthermore, as all our products, such as *SigenStor* and gateways, can be connected to the internet, which is also a requirement to ensure a full warranty period, we are able to comprehensively track the sales and movement of all our products in real time, including their final installation locations. Such information further enables us to track and better manage our distribution channels to prevent channel cannibalization.

- **Anti channel stuffing**. Although our relationships with distributors are based on a seller-buyer model, we have been implementing measures to monitor subsequent product resales, such as through connecting our products to our network as part of the initialization process, enabling us to collect end-user installation data and provide valuable insights into local market demand while reducing the risk of channel stuffing. In addition, we encourage all our customers to be continuously connected to the internet to keep the system updated and to monitor the product's operating status, with such background connectivity statistics also serving to verify sales.

- **Sub-distributors**. We allow our distributors to engage sub-distributors, predominantly installers, within their designated sales territories to assist in the marketing and sales of our products to end users, and to organize events to directly promote our products. In general, our distributors will cooperate with suitable installers within their designated sales territories. Such installers will then register on our platform and complete the onboarding process before being eligible to provide services for our products. Although we do not have a direct contractual relationship with installers, we have taken steps to ensure that they meet our high service standards. For example, we require our installers to register with us through our official website and complete certification exams. Installers will need to acknowledge our service requirements and standards when registering with us. To incentivize our installers, we have launched a loyalty program which allows installers to earn points based on the cumulative installed capacity, customer service and other selection criteria attributable to them, with four tiers based on the cumulative installed capacity, customer service and other selection criteria. Accumulated points can be redeemed for our products. Our sales team maintains frequent contact with installers, engaging in site visits, regular meetings and ongoing monitoring of our installers' performance and requirements. To the best of our knowledge, as of December 31, 2022 and 2023, September 30, 2024 and the Latest Practicable Date, the total number of registered installers was 0, 27, 2,774 and 5,692, respectively.

Sales Force

Our sales force is highly localized, with dedicated teams in each of our key regions to deliver tailored and bespoke customer service. As of September 30, 2024, our global sales and service force comprised nearly 100 employees. Organizationally, our sales and solutions management department oversees overall management, providing essential support through contract administration, sales management, and solutions marketing. Our regional teams support frontline sales tasks such as contract signing, customer relationship management and contract fulfillment.

WAREHOUSING, LOGISTICS AND INVENTORY MANAGEMENT

Our inventory primarily consists of raw materials, work in progress and finished goods. We store our inventory at our manufacturing facilities in Lingang, Shanghai and Nantong, Jiangsu, and we also partner with third party logistics providers who arrange warehousing services to store our inventory, who bear liability for the loss of our inventory during the provision of the warehousing services.

For inventory stored at our manufacturing facilities, we have established a warehouse management policy to manage our inventory, setting forth requirements and processes for management of our inventory, including, among others, undergoing inspection and quality assessment before accepting incoming materials for storage, specifying warehouse climate control settings and storage conditions, setting up segregated storage areas for materials requiring further determination or quality testing, and verifying and confirming transportation vehicles before loading and recording proof upon loading. If we discover any abnormalities in any of our inventory or the storage time exceeds the prescribed time, our quality department conducts re-inspection and confirmation before shipment. Under our warehouse management policy, our inventory is managed according to the first-in-first-out approach. For materials with shelf life requirements, regular inspections are conducted to ensure that the materials are within their usable shelf life.

With respect to raw materials which are tailor-made to our specifications, our suppliers are responsible for packaging and delivering to our requirements, while standardized or wholesale parts are packaged and delivered according to suppliers' standards. Pursuant to the agreements we enter with these suppliers, we are entitled to decline defective products. With respect to delivery of products to our customers, we primarily work with trusted local and international logistics partners for shipment. We maintain insurance coverage for loss of goods in international transit, while local logistics partners typically assume the risk of loss for products in local transit.

DATA SECURITY

During the course of our business, we may collect, process and store various types of data concerning our customers, suppliers and other business partners. We believe data security is critical to our business operations and we are committed to complying with all applicable laws and regulations on data security and privacy.

To ensure the confidentiality and integrity of our data, we pay close attention to compliance with all applicable data security laws, including the European GDPR. Our data is primarily divided into personal data and equipment data. Personal data may include information such as addresses, names, email addresses and account profile information. Customers can modify their personal information on the *mySigen* App, and access to such information is strictly limited to employees who need it to fulfill their job responsibilities, such as customer service personnel. Equipment data may include information such as system names and identifiers, module types, performance and specifications, and usage history. To further enhance our compliance with applicable data security laws, we maintain a dedicated data compliance team, which is responsible for, among others, conducting a comprehensive evaluation of our website, applications and any products or agreements which may involve personal data to ensure compliant data collection and evaluating compliance issues. Furthermore, we have also established a dedicated GDPR working group, and we have also previously engaged independent external consultants to consult on specific matters relating to GDPR compliance.

We also maintain strict internal data security and compliance policies, setting out, among others, procedures for establishing, management, and responsible personnel for our various information technology systems, classification of information according to its sensitivity, and setting forth various disciplinary actions for data security, network security, environment security, account password security, terminal security, information security management, personal information security and access control violations. Under our data security and compliance policies, we explicitly guarantee the data rights of our customers set forth under the GDPR, including the rights to access, rectification, objection, restrict processing and erasure.

INTELLECTUAL PROPERTY

As of September 30, 2024, we had submitted applications for a total of 263 patents and had been authorized 73 patents in the PRC. As of the same date, we also held 2 software copyrights and 14 registered trademarks in the PRC, as well as 28 registered trademarks overseas.

Our IP department is actively involved throughout the product and technology R&D process to ensure compliance. For example, our IP department organizes regular IP trainings for the R&D team, covering patents and trade secrets, to keep up to date with the latest trends and regulatory changes. Our IP department also works closely with R&D team and legal department to protect innovations and core technologies, proactively filing patent applications to strengthen our intellectual property portfolio and maintain technological leadership.

Furthermore, before an R&D project is launched, we also conduct Freedom to Operate (FTO) investigations to assess potential patent infringement risks, adjusting designs as necessary to ensure compliance, while regularly monitoring important patents and its legal and compliance status. See also "Risk Factors — Risks Relating to Our Business and Industry — We may not be able to adequately establish, maintain, protect and enforce our intellectual property and proprietary rights or prevent others from unauthorized use of our technology and intellectual property rights. Any such events could harm our competitive position and also subject us to litigations brought by third parties, which could adversely affect our business, results of operations, financial condition and prospects."

COMPETITION

We operate in the global ESS industry, and are the largest stackable all-in-one DESS solutions enterprise in terms of shipments for the nine months ended September 30, 2024, with total shipments of 231 MWh and accounting for 24.3% market share. Furthermore, in the China ESS market, we are the fastest ESS solutions enterprise to achieve US$100 million in annual revenue, taking only two years since our establishment as opposed to five years or more for other ESS enterprises in the China ESS market. According to Frost & Sullivan, the global ESS market is expected to grow rapidly, being driven by factors such as the development of renewable energy, favorable government policies, continuous price and cost reduction and increasing global demand for stable energy supplies and energy price stability. The global ESS market is also expected to experience various market trends, such as increasing shifts away from centralized ESS models to distributed ESS models, deepening integration and application of AI technologies, growing focus on battery safety, and continuous price and cost reductions. See "Industry Overview" for more details on our competitive landscape, market drivers and development trends.

EMPLOYEES

As of December 31, 2023 and September 30, 2024, we had 519 and 691 full-time employees. Substantially all of our employees were based in China, with the remaining based across global locations. The following table sets forth the number of our employees by function as of September 30, 2024:

	As of September 30, 2024	
Function	**Number of Employees**	**% of Total**
R&D	343	50%
Manufacturing	157	23%
Sales and service	99	14%
General and administrative	92	13%
Total	**691**	**100%**

As required by laws and regulations in China, we participate in various employee social security plans that are organized by municipal and provincial governments, including, among other things, pension, medical insurance, unemployment insurance, maternity insurance, on-the-job injury insurance and housing fund plans through a benefit contribution plan. We are required under PRC law to make contributions to employee benefit plans at specified percentages of the salaries, bonuses and certain allowances of our staff, up to a maximum amount specified by the local government from time to time.

We typically enter into standard employment, confidentiality and non-competition agreements with our senior management and core personnel. These contracts include a standard non-compete covenant that prohibits the employee from competing with us, directly or indirectly, during his or her employment and for two years after termination of his or her employment. We maintain a good working relationship with our employees, and we have not experienced any material labor disputes.

We continuously invest in the training and career development of our talents. We continually strive to provide our employees with comprehensive social benefits, a diverse work environment and a wide range of career development opportunities. We have established a standardized training management procedure, covering the four main training areas of induction, general skills, professional skills and management training. We have organized comprehensive training programs covering all aspects of our business, including, among others, our HR policies and administration, intellectual property, financial management, marketing, IT and data security, product reliability, safety and quality, and legal and compliance training. Based on the nature of the program and training subject, our training takes both in-person and online formats and are taught by both internal staff and external consultants.

During the Track Record Period, we entered into certain labor subcontracting arrangements with labor subcontractor agencies to meet the need of our business operations. Historically during the Track Record Period, pursuant to our agreements with such labor subcontractor agencies, we typically either pay service fees to labor subcontractor agencies based on the hours of work provided by the subcontracted staff (inclusive of salaries and other fees such as insurance, recruitment, management and service fees), or alternatively we may be responsible for paying salaries to the subcontracted staff, while paying flat fees per subcontracted staff to the labor subcontractor agencies (inclusive of other fees such as recruitment and management fees and social insurance). As of the Latest Practicable Date, our agreements with such labor subcontractor agencies stipulate that we are responsible for payment of lump sum service fees to the labor subcontractor agencies calculated based on the amount of work provided by the subcontracted staff. We are responsible for inspecting the work done by the subcontracted staff. As advised by our PRC Legal Adviser, our labor subcontracting arrangements under our agreements with labor subcontractor agencies as aforementioned is in compliance with applicable PRC laws and regulations.

PROPERTIES

We do not own any properties in China or overseas. As of the Latest Practicable Date, we had five leased properties in China, with a combined area of approximately 42,600.1 sq.m., primarily utilized for manufacturing facilities, offices, and industrial purposes. Additionally, we have several leased properties overseas, including shared workspaces, primarily utilized for office and warehouse purposes. According to Section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this Document is exempted from the requirements of Section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which mandates a valuation report for all our interests in land or buildings. This exemption applies because, as of September 30, 2024, none of our properties have a carrying amount of 15% or more of our consolidated total assets.

Lease Registration

As of the Latest Practicable Date, our leased properties in the PRC are required by the applicable PRC laws and regulations to be registered and filed with the relevant land and real estate administration bureaus in the PRC, among which 2 had not been so registered or filed. These properties have an aggregate gross floor area of approximately 20,455.48 sq.m, accounting for approximately 48.0% of the total gross floor area of our leased properties in China. Our lessors' failure to provide the necessary documents for us to register the leases does not result in any reduction in rent. Similarly, in our experience, the proper registration of leases does not result in any material increase in the rent charged by the relevant lessor.

As advised by our PRC Legal Adviser, failure to complete the registration and filing of lease agreements will not affect the validity of the lease agreements or result in us being required to vacate the leased properties. However, the relevant PRC authorities may impose a fine ranging from RMB1,000 to RMB10,000 for each unregistered lease. See also "Risk Factors — Risks Relating to Our Business and Industry — Some of the lease agreements of our leased properties have not been registered with the relevant PRC government authorities as required by PRC law, which may expose us to potential fines."

Having considered the foregoing, our Directors believe that the non-registrations of leases described above will not, individually or in the aggregate, materially affect our business and results of operation, on the grounds that: (i) no penalty had been imposed on us for our failure to register and file the relevant lease agreements during the Track Record Period and up to the Latest Practicable Date, (ii) we were advised by our PRC Legal Adviser that, if the lease registration can be completed in accordance with relevant laws and regulations within a reasonable time from the date of application or the prescribed time limit ordered by the competent governmental authorities, the risk of governmental authorities imposing a material penalty on us with respect to these leased properties is remote.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG")

Overview

We are committed to incorporating environmental, social, and governance (ESG) principles into every aspect of our operations, as we believe these considerations are vital to achieving sustainable growth and corporate longevity. As a global leader in renewable energy solutions, we acknowledge our responsibility to address global challenges, align with sustainability goals, and create lasting value for stakeholders. Our ESG strategy is grounded in strong governance, proactive environmental stewardship, and meaningful social contributions. To ensure alignment with the highest standards of ESG performance, we have integrated clear objectives into our operational framework, including, among others, targets for energy efficiency, resource conservation and emissions reduction. These measures underline our commitment to sustainability in the renewable energy sector and our role as a responsible corporate citizen.

During the Track Record Period and up to the Latest Practicable Date, as advised by our PRC Legal Adviser, we had not been subject to any material claim or penalty or accident in relation to health, work safety, social and environmental protection, and we had been in compliance with the relevant PRC laws and regulations in all material aspects.

Our ESG Governance Structure

We have established a robust ESG governance structure to seamlessly integrate ESG principles into our operations and ensure long-term sustainability. At the core of this framework is the Board of Directors, which holds ultimate responsibility for ESG matters, providing strategic oversight and setting our ESG vision and objectives. The Audit Committee supports the Board by supervising the implementation of ESG policies and monitoring overall performance to ensure alignment with corporate strategy.

To execute these strategies, we have formed an ESG Management Committee composed of management members. This committee is tasked with developing ESG strategies, assessing performance metrics, and driving initiatives that align with our operational goals. Supporting the Management Committee is an ESG Working Group, which manages the day-to-day execution of ESG activities, including data disclosure, employee training, and regulatory compliance. The Working Group ensures that ESG initiatives are effectively operationalized and aligned with evolving standards.

ESG-Related Risks and Management

We integrate environmental stewardship into our core operations, recognizing the critical role of sustainability in achieving long-term business success. Guided by a comprehensive environmental management system, we have implemented robust measures to address climate risks, improve resource efficiency, and reduce our environmental footprint, based on stakeholder communication and industry expert advice. In particular, we have identified certain material ESG issues relevant to the actual operations of our business through analysis of international ESG trends, benchmarking against material ESG topics of leading peers, and insights gathered from internal interviews, including, among others, energy management, R&D and innovation, employee rights and benefits, product quality, resource management, business ethics, and supply chain sustainability.

Climate Risk Management

We have established the Sigenergy Comprehensive Risk Management Policy, pursuant to which we systematically identify physical risks and transition risks related to climate change based on stakeholder communication and advice from industry experts. As a renewable energy solutions provider, we systematically identify and evaluates environmental risks, adopting proactive measures to ensure resilience.

Climate Related Risks	Potential Impact	Risk Management Actions
Physical Risks		
Typhoons	Damage to facilities, production disruptions, and supply chain interruptions.	Reinforced facility structures to withstand high winds, developed typhoon response and evacuation plans, and maintained safety stock for supply chain continuity.
Extreme temperatures	Equipment malfunctions, increased maintenance costs, and risks to employee health.	Optimized equipment for temperature tolerance, provided protective gear and health monitoring, and implemented thermal management systems.
Flooding	Facility inundation, equipment damage, and supply chain disruptions.	Enhanced drainage systems and elevated critical infrastructure, established flood response protocols, and coordinated with local authorities for rapid recovery.
Transition Risks		
Regulatory changes (e.g., carbon pricing, emissions standards)	Increased compliance costs and potential market access limitations.	Strengthened compliance systems, improved carbon monitoring and reporting, and invested in low-carbon technologies.

Climate Related Risks	Potential Impact	Risk Management Actions
Low-carbon transition costs . . .	Financial burdens associated with adopting low-carbon technologies and processes.	Explored innovative low-carbon solutions, gradually implemented energy-saving projects, and developed comprehensive financial plans.
Carbon pricing.	Higher operational costs impacting product pricing and competitiveness.	Accelerated development of low-carbon products and improved supply chain sustainability.

Resource Management

We prioritize efficient resource utilization through optimizing our resource utilization efficiency in production and operations. We have installed rainwater collection systems in our production facilities, which are employed for landscaping irrigation, while green office initiatives promote conservation among employees, such as regular training and publicity regarding day-to-day water conservation measures.

Waste Management

We attach great importance to waste discharge management. We have formulated the Environmental Protection Management Regulations to regulate the management of general solid waste (including solid hazardous waste, general solid waste and domestic waste, etc.) and hazardous waste, providing a management basis for reducing the total amount of waste emissions and improving the efficiency of waste disposal. We have established a "identification-collection-storage-transportation-disposal-supervision" management process to manage general solid waste and hazardous waste. We also maintain special management ledgers and inspection records to ensure the proper management and disposal of waste. In particular:

- **Hazardous waste**. Our hazardous waste includes waste rubber barrels, waste rubber hoses, waste rubber, waste oil, waste activated carbon, waste packaging materials contaminated with chemicals and waste filters, all of which are delivered to enterprises with certified hazardous waste qualifications for disposal.

- **General solid waste**. We proactively classify and recycle general solid waste, and hold frequent employees' environmental awareness training.

- **Wastewater discharge**. Our production process does not involve wastewater discharge, while the wastewater in our office park area is uniformly treated by the municipal government.

- **Waste gas emissions.** We conduct biannual monitoring of fugitive waste gas emissions and annual monitoring of regular waste gas emissions, focusing on non-methane hydrocarbons (NMHC) and total suspended particulates (TSP), with all results meeting national standards. We also regularly replace activated carbon and filters to lower emission concentrations and adjust process parameters and equipment operations to reduce emissions.

Energy Efficiency and Renewable Initiatives

Energy efficiency is a cornerstone of our environmental strategy. We have adopted renewable energy solutions, such as installing rooftop solar panels and photovoltaic charging stations at office sites. Additionally, waste heat recovery projects in manufacturing facilities contribute to significant energy savings. Green office practices, including automated power-saving devices and employee training, further reinforcing our commitment to sustainable energy usage.

Environmental Compliance and Certification

We adhere strictly to national and local environmental regulations, supported by a dedicated EHS department responsible for monitoring compliance and implementing best practices. Both our Lin-gang manufacturing center and corporate offices are ISO 14001 certified, underscoring its commitment to maintaining high environmental management standards. Regular training sessions and awareness programs ensure employees are equipped to support our environmental goals. Our comprehensive approach to environmental management reflects our leadership in the green energy sector, aligning operational excellence with sustainable development to deliver long-term value for stakeholders.

Environment and Climate Related Targets and Metrics

We have incorporated both office areas and production sites into the scope of calculating environmental and climate change-related metrics, and have established targets for each metric. The key performance indicators and targets are outlined as follows:

Energy Consumption

	Period from May 24, 2022 to December 31,	Year ended December 31,	For the nine months ended September 30,
Indicators/Unit	**2022**	**2023**	**2024**
Total electricity consumption[(1)] (MWh)	35	2,822.5	6,539.4
Electricity consumption intensity[(2)] (MWh per ten thousand RMB)	–	0.47	0.09

Notes:

(1) The total electricity consumption represents our power usage in the Pujiang, Shanghai office and the Lingang, Shanghai production facility during the relevant period, including electricity consumed by lighting, air conditioning, office equipment, and production equipment. As 2022 was the Company's initial year of establishment, electricity consumption was relatively low.

(2) Electricity consumption intensity refers to total electricity consumption divided by annual revenue. As we were established in 2022 and did not record any revenue in that year, no corresponding statistic is available.

To enhance energy efficiency, we have set clear energy consumption reduction targets for unit products. By 2025, the energy consumption per unit of inverter products is expected to decrease by 5% compared to 2024, while our battery packs and EV chargers are expected to achieve a 3% reduction respectively. Additionally, for our Pujiang, Shanghai office, we aim to reduce per capita emissions by 3% by 2025 compared to 2024.

Resource Consumption

Indicators/Unit	Period from May 24, 2022 to December 31, 2022	Year ended December 31, 2023	For the nine months ended September 30, 2024
Total water consumption[(1)] (ton)	20	5,643	4,964
Water consumption intensity[(2)] (ton per ten thousand RMB).	–	0.97	0.07

Notes:

(1) The total water consumption refers to the freshwater usage in the Pujiang office area and the Lingang production site during the relevant period. As 2022 marked our initial year of establishment, water consumption was relatively low.

(2) Water consumption intensity refers to total water consumption divided by annual revenue. As we were established in 2022 and did not record any revenue in that year, no corresponding statistic is available.

We are committed to the principles of efficient and water-saving production. By 2025, we plan to reduce total freshwater usage by 3% compared to 2024 levels.

Greenhouse Gas Emissions

Indicators/Unit	Period from May 24, 2022 to December 31, 2022	Year ended December 31, 2023	For the nine months ended September 30, 2024
Scope 1 greenhouse gas emission (ton of carbon dioxide equivalent)	0.49	6.36	4.24
Scope 2 greenhouse gas emission (ton of carbon dioxide equivalent)	18.78	1,450.97	3,377.36

Indicators/Unit	Period from May 24, 2022 to December 31, 2022	Year ended December 31, 2023	For the nine months ended September 30, 2024
Total greenhouse gas emissions (Scope 1+2) (ton of carbon dioxide equivalent)	19.28	1,457.33	3,381.60
Greenhouse gas emissions intensity (Scope 1+2)[(1)] (ton of carbon dioxide equivalent per ten thousand RMB)	–	0.25	0.05
Scope 3 greenhouse gas emission[(2)] (ton of carbon dioxide equivalent)	–	63,341.44	276,730.11

Notes:

(1) Greenhouse gas emissions intensity refers to total greenhouse gas emissions divided by annual revenue. As we were established in 2022 and did not record any revenue in that year, no corresponding statistic is available.

(2) Scope 3 greenhouse gas emission covers emissions from purchased goods and services, upstream transportation and distribution, as well as waste generated during operations. As we were established in 2022 and did not begin commercial operations in that year, Scope 3 emissions were not applicable during this period.

In response to the intensifying global challenges posed by climate change, we have devised a long-term emission reduction plan and are actively collaborating with upstream and downstream stakeholders to implement relevant measures.

Waste Emissions

Indicators/Unit	Period from May 24, 2022 to December 31, 2022	Year ended December 31, 2023	For the nine months ended September 30, 2024
Total non-hazardous waste generated (ton)	–	50.80	166.90
Non-hazardous waste generation intensity (kg per ten thousand RMB)	–	8.71	2.39
Total hazardous waste generated (ton)	–	2.60	6.90
Hazardous waste generation intensity (kg per ten thousand RMB)	–	0.45	0.10

Our production processes do not involve wastewater discharge. Waste generated by our operations is categorized into non-hazardous and hazardous waste. Non-hazardous waste primarily includes waste packaging materials and defective products from the manufacturing process. Hazardous waste includes items such as waste glue barrels, waste glue, waste glue tubes, spent activated carbon, and used filters. Non-hazardous waste is collected and stored separately and subsequently handled by qualified third-party entities for comprehensive utilization. Hazardous waste is stored separately in strict compliance with national regulations and is entrusted to certified professional companies for disposal, with the entire process of transfer and disposal closely monitored. We are dedicated to reducing the total volume of solid waste emissions year by year while improving recycling and reuse rates to support a green production model.

Social Responsibility

Employee Welfare and Development

Our employees form the backbone of our organization, and we are committed to creating a supportive and inclusive environment where they can thrive. In compliance with labor laws such as the Labor Law of the People's Republic of China and the Labor Contract Law, we prioritize fair recruitment practices and equal opportunities for all. To attract and retain top talent, we offer compensation packages, performance-linked bonuses, and a variety of employee benefits, including subsidized health checks and commercial insurance coverage. Additionally, mentorship programs and one-on-one support mechanisms provide personalized guidance for career development.

We also place significant emphasis on continuous learning and professional growth. Annual training plans are tailored to align with business objectives, offering programs that enhance technical skills, leadership capabilities, and cross-department collaboration. Transparent performance reviews and structured promotion pathways ensure employees can achieve their career aspirations while contributing to our Company's success. To ensure workplace safety, we implement robust EHS protocols, conduct regular safety training, and maintain compliance with stringent occupational health standards. These initiatives underscore our commitment to maintaining high levels of employee satisfaction and well-being.

Supply Chain Sustainability

Our supply chain strategy is a vital component of our ESG objectives, emphasizing collaboration and sustainability. Suppliers are evaluated based on key sustainability metrics, including environmental performance, labor practices, and compliance with standards such as ISO 9001. These assessments ensure that all partners meet our expectations for responsible and ethical practices.

To encourage green transformation, we prioritize long-term partnerships with suppliers who demonstrate leadership in adopting renewable materials, energy-efficient processes, and waste reduction strategies. By offering technical guidance and capacity-building resources, we actively support suppliers in aligning with industry benchmarks for sustainability. This collaborative approach ensures that our supply chain not only meets operational needs but also contributes positively to environmental and social goals, amplifying our collective impact across the value chain.

Health and Safety

We strictly comply with the Work Safety Law of the People's Republic of China, the Fire Protection Law of the People's Republic of China, and the Law of the People's Republic of China on Prevention and Control of Occupational Diseases. We have formulated and rigorously implemented internal policies, such as the EHS Organization, Personnel and Employee Responsibility Management Regulations and the Company EHS Management Manual, to ensure a safe working environment for our employees.

In addition, we offer subsidized health check-ups for employees and provides commercial insurance coverage for regular employees in specific roles, including accident insurance, outpatient insurance, inpatient insurance, and production-related insurance. To enhance safety awareness and emergency response capabilities, we regularly conduct safety training programs for all employees, such as onboarding safety training for new hires, safety examinations, and the "Three-Level Safety Education" program. Moreover, we also engage industry experts to deliver specialized seminars, sharing the latest safety technologies and case studies to strengthen employees' safety awareness and emergency handling skills.

Product Responsibility

We strictly comply with domestic and international regulations, including the Photovoltaic Manufacturing Industry Specification Conditions (2024 Edition), and has established robust quality management systems such as the Incoming Inspection Management Procedure. Clear policies for after-sales services and product recalls ensure that quality management remains a key operational priority. Moreover, innovation is central to our strategy. To meet evolving market demands, we have implemented comprehensive R&D management processes, including the R&D Project Management System and Product Development Management Process. The Business Planning Committee oversees R&D direction, ensuring alignment with market needs, while a dedicated pre-research team focuses on cutting-edge technologies to support product development over the next 3 to 5 years.

To strengthen our R&D capabilities, we conduct regular training sessions across a wide range of technical fields, including photovoltaic inverters, energy storage systems, batteries, EV charging stations, and safety standards. These initiatives ensure our R&D team remains at the forefront of technical expertise and innovation.

In line with our commitment to sustainable development, we integrate green design principles throughout its product lifecycle, aiming to deliver solutions that are "smaller, lighter, more efficient, safer, and quieter." Notable achievements include the successful launch of all-in-one photovoltaic storage and charging systems and lightweight commercial and industrial inverters. These products not only enhance operational performance but also contribute to global carbon reduction efforts through eco-friendly and low-carbon designs.

Community Engagement

We are committed to practicing corporate social responsibility, promoting educational equity and sustainable development. For example, we donated our ESS products to schools in remote areas of Vietnam, providing critical support to building an advanced PV system, simultaneously improving the learning environments for students in underserved regions while continuing to promote the adoption of green energy globally and delivering clean and sustainable energy.

Ethics and Compliance

Ethical conduct is a cornerstone of our business operations, guiding our interactions with stakeholders and ensuring the integrity of our governance practices. Our stringent Code of Conduct outlines clear policies on anti-corruption, anti-fraud, and fair competition, which are reinforced through mandatory annual training for employees and management. These sessions ensure that ethical principles are deeply ingrained in our corporate culture. To support these standards, we have implemented a secure whistleblowing mechanism, providing employees and stakeholders with a confidential platform to report any unethical behavior. All reports are thoroughly investigated, and whistleblowers are protected from retaliation. Furthermore, we extend these principles to our partners through supplier integrity agreements, ensuring that all collaborations align with our commitment to transparency and accountability. This robust ethical framework reinforces stakeholder trust and enhances our reputation as a socially responsible enterprise.

LICENSES, APPROVALS AND PERMITS

The following table sets forth a summary of the material licenses, permits and approvals that we have obtained for our business operations as of the Latest Practicable Date.

No.	Holding Entity	Qualification Name	Valid Period
1 . . .	Our Company	Radio Transmission Equipment Type Approval Certificate	Five years from June 28, 2024
2 . . .	Our Company	Telecommunications Equipment Network Access Trial Approval	August 1, 2024-August 1, 2026
3 . . .	Our Company	Recordation of Customs Declaration Entities (Business category: consignee or consignor of import or export goods)	Long term

No.	Holding Entity	Qualification Name	Valid Period
4 . . .	Shanghai Sigenergy	Recordation of Customs Declaration Entities (Business category: consignee or consignor of import or export goods)	Long term
5 . . .	Shanghai Sigenergy	Sewage Discharge Permission	June 8, 2023-June 7, 2028
6 . . .	Sige Cloud	Recordation of Customs Declaration Entities (Business category: consignee or consignor of import or export goods)	Long term
7 . . .	Suzhou Sigenergy	Recordation of Customs Declaration Entities (Business category: consignee or consignor of import or export goods)	Long term
8 . . .	Jiangsu Sigenergy	Recordation of Customs Declaration Entities (Business category: consignee or consignor of import or export goods)	Long term

LEGAL PROCEEDINGS AND COMPLIANCE

From time to time, we may be involved in contractual disputes or legal proceedings arising from the ordinary course of our business. During the Track Record Period and up to the Latest Practicable Date, we were not subject to any claims, damages, or losses that would have a material adverse effect on our financial position or results of operations as a whole. Litigation or any other legal proceeding, regardless of the outcome, is likely to result in substantial costs and diversion of our resources, including our management's time and attention. For the potential impact of legal proceedings on us, see "Risk Factors — Risks Relating to Our Business and Industry — We are subject to risks relating to litigation and disputes, which could adversely affect our business, results of operations, financial condition and prospects."

We are committed to adhering to the laws and regulations applicable to our business. Our Directors, as advised by our PRC Legal Adviser, confirm that we had complied with the relevant PRC laws and regulation in all material respects during the Track Record Period and up to the Latest Practicable Date.

RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management

We are exposed to various risks during our business operations. We have established risk management systems consisting of appropriate policies and procedures, and we continue to improve these systems. We have adopted, among other things, the following risk management measures:

(i) Our board of directors is responsible for monitoring our internal control system, reviewing its effectiveness, and maintaining our risk at an appropriate and effective level. Our audit department and quality operation department are responsible for the evaluation of the risks faced by us. A review of our risk management and internal control system will be conducted annually, which will include a review of all material controls, including financial, operational and compliance controls;

(ii) We maintain anti-corruption, anti-fraud and anti-money laundering measures and systems, which defines fraud, money laundering, corruption and other improper behaviors, and sets forth measures regarding identification and monitoring processes, management responsibilities, reporting channels and reporting systems, and disciplinary actions for violations;

(iii) We have established an export control and sanctions compliance policy to identify suppliers and customers who may be subject to sanctions risks as well as internal reporting of suspected violations of application export controls or sanctions; and

(iv) We will engage external professional advisers, where necessary, and work with our internal audit and legal team to conduct regular reviews to ensure the effectiveness of all registrations, licenses, permits, filings and approvals.

Internal Control

We have engaged an independent internal control consultant to help identify and advise on mitigating risks relating to our operation. During the review by our independent internal control consultant, certain deficiencies were identified based on a sample review over our entity-level and procedure-level controls and we have adopted the appropriate internal control measures to improve such deficiencies. In particular, the internal control consultant had identified that we had not established certain policies required by the Stock Exchange for public companies, or that certain of our established policies was not in full conformity with the requirements of the Stock Exchange for public companies. To rectify such deficiencies, we have established the necessary policies identified by the independent internal control consultant and adjusted and improved our existing set of internal policies to ensure compliance. As of the Latest Practicable Date, there were no material outstanding issues relating to our internal controls.

We are committed to establishing and maintaining risk management and internal control systems. We have adopted and implemented a comprehensive risk management policy which defines risks and risk classification and sets forth policies on management strategies, risk management framework and responsibilities, risk identification, assessment, response measures, information collection and reporting system, and annual risk management assessment reporting. Our risk management and internal control systems also cover the general functional operations such as human resources, financial management, asset management, warehousing and logistics management, information system management and corporate governance as well as decision-making processes. Meanwhile, we are committed to supervising and evaluating the effectiveness of risk management and internal control system to ensure that the system is rectified and effectively controlled as our business develops.

We have established internal audit mechanism to continuously monitor our risk management and internal control systems. Our audit department primarily holds the two responsibilities of internal auditing and supervision, including internal auditing of the company's finances and operations, and conducting annual internal control assessments as well as monitoring and reporting activities such as embezzlement, bribery and money laundering. Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we did not encounter any incidents of breaches of our internal control policies and procedures.

Third-Party Settlement Arrangements

Historically, a limited number of our distributors (individually or collectively, the "Relevant Customer(s)") settled their payments with our Group through accounts of third-party payors designated by these Relevant Customers at their requests (the "Third-Party Settlement Arrangement(s)"). In 2022, 2023 and the nine months ended September 30, 2024, a total number of zero, zero and five Relevant Customers utilized the Third-Party Settlement Arrangements to settle payments with us, respectively. During the same periods, the aggregate amount of payments from the designated third-party payors of these Relevant Customers was nil, nil and RMB24.7 million, respectively, representing approximately nil, nil and 3.5% of our total revenue. As of the Latest Practicable Date, all the Third-Party Settlement Arrangements have been terminated.

The third-party payors designated by these Relevant Customers primarily included their related parties that control or are under common control with the Relevant Customers. Our Directors have confirmed that none of the third-party payors designated by the Relevant Customers during the Track Record Period is a connected person of our Group, and such designated third-party payors are independent from any of our Group's Directors, senior management and Shareholders. To the best of our knowledge, these Relevant Customers requested to utilize the Third-Party Settlement Arrangements to settle payments with us for convenience and/or intragroup arrangements. As confirmed by Frost & Sullivan, it is not uncommon for distributors to use the accounts of their related parties to settle corporate transactions with their suppliers.

Our Directors confirm that, during the Track Record Period, (i) the Third-Party Settlement Arrangements were initiated by the Relevant Customers, rather than our Group for the purpose of circumventing any applicable laws and regulations, (ii) our Group did not participate in any other forms of such arrangement, (iii) our Group did not provide any discount, commission, rebate or other benefits to any of the Relevant Customers to facilitate or encourage the Third-Party Settlement Arrangements, (iv) the pricing and payment terms of the agreements we entered into with the Relevant Customers were in line with those of customers not involved in the Third-Party Settlement Arrangements, (v) all payments received under the Third-Party Settlement Arrangements were appropriately recorded following accounting procedures and policies, and (vi) our Group had not been subject to any actual or pending disputes or administrative penalties related to the Third-Party Settlement Arrangements during the Track Record Period and up to the Latest Practicable Date.

INSURANCE

We maintain regular property insurance. However, the insurance may not be able to cover all potential injuries to our manufacturing facilities and equipment, death or losses due to fire, earthquake, flood or any other disasters. Consistent with customary industry practice in China, we do not maintain business interruption insurance. We believe our insurance policies as a whole are in line with the general market practice and comply with the relevant rules and regulations in China. See "Risk Factors — Risks Relating to Our Business and Industry — We may not have adequate insurance to cover losses and liabilities arising from various operational risks and hazards. Specifically, we may be involved in product liability claims, and our product liability insurance may not be sufficient to cover potential liability from product liability claims."

AWARDS AND RECOGNITIONS

The following table sets forth some of our recent major awards and achievements.

Award Year	Award name	Award institution
2023	Outstanding Energy Low-carbon Project	The 9th China (Shanghai) International Technology Fair
2023	Residential Energy Storage System AQM Award 2023	TÜV Rheinland
2023	International Design Excellence Awards 2023 Bronze Winner	Industrial Designers Society of America
2024	Red Dot Award: Product Design 2024	Reddot Design Award
2024	TOP INNOVATION AWARD 2025 – Storage, Europe, South Africa & Australia	EUPD Research

BOARD OF DIRECTORS

Our Board of Directors consists of eight Directors, comprising two executive Directors, three non-executive Director and three independent non-executive Directors. Our Directors serve a term of three years and may be re-elected for successive reappointments. Our Board is responsible and has general powers for the management and operation of the Company's business.

The table below sets forth certain information in respect of the members of the Board:

Name	Age	Position for the current tenure	Time of joining our Group	Date of appointment as a Director	Responsibility
Executive Directors					
Mr. Xu Yingtong (許映童)	[50]	Chairman, Executive Director, and Chief Executive Officer	May 2022	December 8, 2023	Responsible for the overall strategic planning and management of the Group
Mr. Zhang Xianmiao (張先淼)	[40]	Executive Director and the President of the Company	August 2022	December 8, 2023	Responsible for the research and development of product solutions, product planning and supply chain management of the Group
Non-executive Directors					
Mr. Sun Guoqing (孫國慶)	[43]	Non-executive Director	December 2023	December 8, 2023	Responsible for providing professional advice to the Board
Mr. Wang Lin (王林)	[45]	Non-executive Director	August 2022	August 31, 2022	Responsible for providing professional advice to the Board
Ms. Yang Ting (楊婷)[Note 1]	[45]	Non-executive Director	December 2023	December 8, 2023	Responsible for providing professional advice to the Board

Name	Age	Position for the current tenure	Time of joining our Group	Date of appointment as a Director	Responsibility
Independent non-executive Directors					
Ms. Ng Wing Yan Claudia (伍穎恩)	[43]	Independent non-executive Director	February 2025	[**REDACTED**]	Responsible for providing independent opinion and judgment to the Board
Mr. Lin Jinwu (林錦吾)	[48]	Independent non-executive Director	February 2025	[**REDACTED**]	Responsible for providing independent opinion and judgment to the Board
Ms. Chen Jijin (陳繼瑾)	[48]	Independent non-executive Director	February 2025	[**REDACTED**]	Responsible for providing independent opinion and judgment to the Board

Note:

(1) Ms. Yang Ting is the spouse of Mr. Xu Yingtong.

DIRECTORS

Executive Directors

Mr. Xu Yingtong (許映童), aged [50], is our Founder, the chairman of the Board, an executive Director and the Chief Executive Officer. Mr. Xu founded our Group in May 2022, and is responsible for the overall strategic planning and management of the Group. Mr. Xu has been our Chief Executive Officer since establishment of our Group and our Director since December 2023, and has served as the legal representative and director at certain of our subsidiaries. He was re-designated as an executive Director in February 2025.

Mr. Xu has over 25 years of experience in the communications, new energy, and AI industries. Prior to founding the Group, Mr. Xu has been working at Huawei Technologies Co., Ltd. ("**Huawei**") for nearly 23 years. Mr. Xu joined Huawei in 1999, and successively held several positions at Huawei, including among others, a PDT manager of its wireless products, a director of the wireless software platform (無線軟件平台), the principal of Huawei Hangzhou R&D Center of Wireless Products (華為無線杭州研究所), the president of Huawei smart photovoltaic business, and the president of Ascend AI Computing (昇騰人工智能計算) business. Since May 2023, Mr. Xu has been an independent director of Tongwei Co., Ltd. (通威股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600438).

Mr. Xu obtained his bachelor's degree in radio technology from the School of Electronic and Optical Engineering (電子工程與光電技術學院) of Nanjing University of Science & Technology (南京理工大學) in the PRC in July 1996, and his master's degree in business administration from Fudan University (復旦大學) in the PRC in July 2007.

Mr. Zhang Xianmiao (張先淼), aged [40], is an executive Director and the president of the Company. He joined the Group in August 2022, and has been our Director since December 2023 and serving as the legal representative, general manager and director at certain of our subsidiaries. Mr. Zhang is responsible for research and development of product solutions, product planning and supply chain management of the Group. He was re-designated as an executive Director in February 2025.

Mr. Zhang has over 17 years of experiences in the photovoltaic and ESS industry. Prior to joining our Group, Mr. Zhang has been working at Huawei for over 11 years. He joined Huawei in April 2011 and successively held various positions, including the head of research and development of photovoltaic inverters, and product design and planning, commercial photovoltaic business. From September 2007 to April 2011, Mr. Zhang worked at Shanghai Santak Electronics Co., Ltd. (上海山特電子有限公司).

Mr. Zhang obtained his bachelor's degree in electrical engineering and automation from Xi'an Jiaotong University (西安交通大學) in the PRC in July 2005, and his master's degree in electrical engineering and automation from Zhejiang University (浙江大學) in the PRC in September 2007.

Non-executive Directors

Mr. Sun Guoqing (孫國慶), aged [43], is our non-executive Director and is responsible for providing professional advice to the Board. Mr. Sun was appointed as a Director in December 2023 and was re-designated as a non-executive Director in February 2025.

Mr. Sun has over 20 years of professional experience in financial management and investment industries. Mr. Sun worked at PricewaterhouseCoopers (PwC) as an audit manager from July 2003 to January 2011. Mr. Sun then served as a financial controller at KeyTone Ventures (凱旋投資) from April 2011 to April 2014. Mr. Sun later served as the chief financial officer at Yi Capital (執一資本) from March 2015 to June 2016. Mr. Sun then served as a partner at DragonBall Capital (美團龍珠資本), from September 2017 to December 2019. Mr. Sun has been serving as a managing director at Hillhouse Investment since January 2021.

Mr. Sun has obtained his bachelor's degree in accounting from Beijing Institute of Fashion Technology (北京服裝學院) in the PRC in July 2003.

Mr. Wang Lin (王林), aged [45], is our non-executive Director and is responsible for providing professional advice to the Board. Mr. Wang was appointed as a Director in August 2022 and was re-designated as a non-executive Director in February 2025.

Mr. Wang has over 20 years of working experience in the technology and financial investment industries. Prior to joining our Company, Mr. Wang served as a technical planning manager at Samsung Semiconductor (China) R&D Co., Ltd. (三星半導體(中國)研究開發有限公司) from May 2004 to August 2012. From September 2012 to January 2021, Mr. Wang worked at Walden Investment Consultancy (Beijing) Co., Ltd. Shanghai Branch (華登投資諮詢(北京)有限公司上海分公司). Mr. Wang later served as a vice manager at Huaxin Original (Qingdao) Investment Management Co., Ltd. (華芯原創(青島)投資管理有限公司) from April 2017 to January 2024. Since February 2024, he has been serving as a vice manager at Shanghai Walden Hi-Tech Private Equity Fund Management Co., Ltd. (上海華登高科私募基金管理有限公司).

Mr. Wang has been serving various positions at the following listed companies:

Company name	Stock code	Position	Period
Amlogic Semiconductor (Shanghai) Co., Ltd. (晶晨半導體(上海)股份有限公司).	688099.SH	Supervisor	Since March 2017
MEMSensing Microsystems (Suzhou) Co., Ltd. (蘇州敏芯微電子技術股份有限公司)	688286.SH	Director	Since June 2019
3PEAK Incorporation (思瑞浦微電子科技(蘇州)股份有限公司)	688536.SH	Director	Since December 2019
ASR Technology Co., Ltd. (翱捷科技股份有限公司)	688220.SH	Supervisor	Since August 2020

Mr. Wang previously also served various positions at the following listed companies for the periods as indicated:

Company name	Stock code	Position	Period
GLTECH Technology Co., Ltd. (光力科技股份有限公司)	300480.SZ	Independent director	September 2018 to April 2023
Shenzhen Emdoor Information Technology Co., Ltd. (深圳市億道信息股份有限公司).	001314.SZ	Director	August 2020 to January 2024

Mr. Wang obtained his bachelor's degree in electronic engineering from Hangzhou Dianzi University (杭州電子科技大學) in the PRC in June 2001, and then obtained his master's degree in electronic science and technology from Zhejiang University (浙江大學) in the PRC in March 2004.

Ms. Yang Ting (楊婷), aged [45], is our non-executive Director and is responsible providing professional advice to the Board. Ms. Yang was appointed as a Director in December 2023 and was re-designated as a non-executive Director in February 2025.

Prior to joining our Group, Ms. Yang served as a director of Shanghai Shenzhiguang Digital Technology Co., Ltd. (上海神之廣數碼科技有限公司) from March 2004 to January 2022, a company engaged in technology and software services, and was deregistered in January 2022.

Ms. Yang graduated from Nanjing University (南京大學), majoring in law, in the PRC in December 2002.

Independent non-executive Directors

Ms. Ng Wing Yan Claudia (伍穎恩), aged [43], was appointed as an independent non-executive Director in February 2025, with effect from the [**REDACTED**], and is responsible for providing independent opinion and judgment to the Board.

Ms. Ng has around 20 years of dual working background in foreign and state-owned enterprises, with rich experience in corporate governance, strategic planning and operations, ESG (Environmental, Social, and Governance) managements and human resources managements. Since 2022, Ms. Ng has been serving as the secretary to the board, co-president of Hong Kong office and a member of the sustainability committee of Shandong Hi-Speed New Energy Group Limited (山高新能源集團有限公司), a state-owned company listed on the Stock Exchange (stock code: 1250.HK). Prior to her current role, Ms. Ng served in Cisco Systems (China) Networking Technology Co., Ltd. (思科系統(中國)網絡技術有限公司) for 14 years, with her latest role as the head of strategy and operations for the service providers' team.

Ms. Ng obtained her bachelor's degree in law from the University of Hong Kong in December 2003, a Postgraduate Certificate in Laws (PCLL) from the University of Hong Kong in June 2004, a Juris Master degree from Tsinghua University (清華大學) in the PRC in July 2007 and a master's degree in business administration in finance from the Chinese University of Hong Kong in Hong Kong in November 2018.

Mr. Lin Jinwu (林錦吾), aged [48], was appointed as an independent non-executive Director in February 2025, with effect from the [**REDACTED**], and is responsible for providing independent opinion and judgment to the Board.

Mr. Lin has extensive years of working experience in corporate management and investment. Mr. Lin worked at China Mobile Communications Group Co., Ltd. (中國移動通信集團有限公司) from August 1998 to July 2004. Mr. Lin then served as the general manager of Shanghai Jujun Information Technology Co., Ltd. (上海聚君信息技術有限公司). He also worked at Shanghai Diwei Information Technology Co., Ltd. (上海地衛信息技術有限公司) from November 2005 to April 2019. Mr. Lin has been a vice president of Guoke Dongfang (Shanghai) Private Equity Management Co., Ltd. (國科東方(上海)私募基金管理有限公司), a controlling shareholder of the general partner of our existing Shareholder, Hangzhou Yiyun, since July 2019.

Mr. Lin was a minority shareholder and a supervisor of Shanghai Zhongyongye Land Engineering Co. Ltd. (上海中永業造地工程有限公司) ("**Shanghai Zhongyongye**") from January 2013 to December 2016, holding 25% of its equity interests. The business license of Shanghai Zhongyongye was revoked by local SAMR authority in October 2016 due to the fact that it was not engaging in any business activities for more than six months prior to the date of the revocation. So far as Mr. Lin was aware, as of the time of the revocation, Shanghai Zhongyongye was not insolvent, did not have any outstanding liabilities and was not involved in any pending claims, and the revocation of the business license of Shanghai Zhongyongye has not resulted in any punishment or fines imposed by any competent authorities, nor have it resulted in any outstanding or potential claims or liabilities against it.

Mr. Lin obtained his bachelor's degree in electronic instrumentation and measurement technology from Wuhan University (武漢大學) in the PRC in July 1998, and then obtained his master's degree in business administration from Fudan University (復旦大學) in the PRC in January 2007.

Ms. Chen Jijin (陳繼瑾), aged [48], was appointed as an independent non-executive Director in February 2025, with effect from the [**REDACTED**], and is responsible for providing independent opinion and judgment to the Board.

Ms. Chen has over 24 years of experience in financial management and corporate governance. Ms. Chen first worked at SAIC Motor Corporation Finance Limited (上海汽車集團財務有限責任公司) from July 1999 to June 2006. Ms. Chen has been serving as the finance control manager and then the deputy director of the finance department at Shanghai Mahle Thermal Systems Co., Ltd. (上海馬勒熱系統有限公司) since July 2006, a Sino-German joint venture in the automotive components industry.

Ms. Chen obtained a bachelor's degree in economics, majoring in finance, from Shanghai University of Finance and Economics (上海財經大學) in June 1999, and a master's degree in accounting (MPAcc) from the National Accounting Institute of Shanghai University of Finance and Economics (上海財經大學國家會計學院) in October 2009. Ms. Chen is a holder of the Chinese Certified Public Accountant (CPA) qualification since December 2009, the Chinese Certified Tax Agent qualification since July 2005, and the Chinese Legal Professional Qualification Certificate since September 2002.

SUPERVISORY COMMITTEE

Our Supervisory Committee consists of three Supervisors, including one employee representative Supervisor. The employee representative Supervisor is elected at the staff representative assembly for a term of three years, which is renewable upon re-election and re-appointment. The functions and duties of the Supervisory Committee include, among other things, reviewing periodic reports prepared by the Board, overseeing the financial conditions of our Group, and supervising the performance of our Directors and senior management members. Each of the Supervisors is appointed for a term of three years which is renewable upon re-election and re-appointment.

The following table sets out information in respect of the Supervisors.

Name	Age	Position/Title	Time of joining our Group	Date of appointment as a Supervisor	Roles and responsibilities
Mr. Liu Qinwei (劉秦維)	[36]	Chairman of the Supervisory Committee	May 2022	December 20, 2024	Management of the Supervisory Committee and supervising the daily operation of the Group
Ms. Yang Shunxia (楊順霞)	[40]	Supervisor	January 2023	December 20, 2024	Management of the Supervisory Committee and supervising the daily operation of the Group
Mr. Zhu Bo (朱博)	[39]	Employee representative Supervisor	June 2022	December 20, 2024	Management of the Supervisory Committee and supervising the daily operation of the Group

Mr. Liu Qinwei (劉秦維), formerly known as Liu Zhao (劉釗), aged [36], is the chairman of our supervisory committee and a Supervisor. Mr. Liu joined our Company in May 2022, and served as the head of software department since then.

Mr. Liu has extensive experience in software solutions. Prior to joining our Group, Mr. Liu worked at Huawei from April 2014 to March 2022, with his last position as a manager.

Mr. Liu obtained his bachelor's degree and master's degree in science from Zhejiang University (浙江大學) in the PRC in June 2011 and April 2014, respectively.

Ms. Yang Shunxia (楊順霞), aged [40], is a Supervisor. Ms. Yang joined our Company in January 2023, and served as a global brand director since then.

Ms. Yang has more than 10 years of experience in marketing. Prior to joining our Group, she served as a marketing manager at Greenway Solar-Tech (Shanghai) Co., Ltd. (綠尚太陽能科技(上海)有限公司), formerly known as Jiawei Solar (Shanghai) Co., Ltd. (珈偉太陽能科技(上海)有限公司), from July 2006 to July 2011. She then worked as a brand marketing director at Fronius Trading (Shanghai) Co., Ltd. (伏能士(上海)商貿有限公司), from September 2011 to February 2014. Ms. Yang then served as a senior brand manager at Huawei from February 2014 to February 2022.

Ms. Yang obtained her bachelor's degree in arts from Nanjing University (南京大學) in the PRC in June 2006.

Mr. Zhu Bo (朱博), aged [39], is an employee representative Supervisor. Mr. Zhu joined our Company in June 2022, and served as an information technology director since then.

Mr. Zhu has extensive experience in information technology industry. Prior to joining our Group, he served as a software development engineer at Shanghai Aircraft Manufacturing Co., Ltd. (上海飛機製造有限公司), from September 2011 to March 2013. He then worked at IT center at Shanghai Aviation Industrial (Group) Co., Ltd. (上海航空工業(集團)有限公司) from April 2013 to April 2017. Mr. Zhu then worked as an information technology engineer at UTC Climate, Controls & Security (Shanghai) Co., Ltd. (聯技范安思企業管理(上海)有限公司) from April 2017 to January 2018, worked at Singulato Technology (Shanghai) Co., Ltd. (智車優行科技(上海)有限公司) from January 2018 to December 2019, and Shanghai Gaussian Automation Technology Development Co., Ltd. (上海高仙自動化科技發展有限公司) from December 2019 to May 2022.

Mr. Zhu obtained his bachelor's degree in software project and his master's degree in software project management from Beihang University (北京航空航天大學) in the PRC in July 2008 and January 2011, respectively.

SENIOR MANAGEMENT

Our senior management is responsible for our day-to-day management and business operation. The following table sets forth the key information of our senior management:

Name	Age	Position(s) for the current tenure	Time of joining our Group	Date of appointment as senior management	Roles and responsibilities
Mr. Xu Yingtong (許映童)	[50]	Chairman, Executive Director, and Chief Executive Officer	May 2022	May 2022	Responsible for the overall strategic planning and management of the Group
Mr. Zhang Xianmiao (張先淼)	[40]	Executive Director and the President of the Company	August 2022	August 2022	Responsible for the research and development of product solutions, product planning and supply chain management of the Group

Name	Age	Position(s) for the current tenure	Time of joining our Group	Date of appointment as senior management	Roles and responsibilities
Mr. Zhang Jiawei (張嘉偉)	[32]	General Manager of Sales of Solutions	April 2023	April 2023	Responsible for overseeing sales of product solutions
Ms. Qiao Lingzi (喬淩子)	[39]	General Manager of Marketing	November 2022	November 2022	Responsible for overseeing marketing operation
Mr. Cheng Guobo (程國波)	[49]	General Manager of Manufacturing	October 2022	October 2022	Responsible for overseeing manufacturing management and operation
Mr. Huang Xueqi (黃雪琪)	[43]	General Manager of Finance and Secretary to the Board	July 2022	July 2022	Responsible for overseeing finance management and coordinating with the Board
Ms. Ou Chandan (歐嬋聃)	[44]	General Manager of Human Resources and Administration Management	October 2022	October 2022	Responsible for overseeing human resources and administration management

Mr. Xu Yingtong (許映童), aged [50], is our Chairman, executive Director and Chief Executive Officer. For details of his biography, please refer to the paragraph headed "— Board of Directors — Executive Directors" in this section.

Mr. Zhang Xianmiao (張先淼), aged [40], is our executive Director and the President of the Company. For details of his biography, please refer to the paragraph headed "— Board of Directors — Executive Directors" in this section.

Mr. Zhang Jiawei (張嘉偉), aged [32], is our general manager of sales of solutions, and is responsible for overseeing sales of product solutions. He joined our Group as the general manager of sales of solutions in April 2023.

Mr. Zhang has extensive experience in marketing and sales. Prior to joining our Group, Mr. Zhang worked at Huawei from March 2016 to March 2023, primarily engaged in marketing and sales.

Mr. Zhang obtained his bachelor's degree in materials science and engineering from Northwestern Polytechnical University (西北工業大學) in the PRC in July 2014, and his master's degree in materials science and engineering from University of Manchester in the United Kingdom in July 2015.

Ms. Qiao Lingzi (喬凌子), aged [39], is our general manager of marketing, and is responsible for overseeing our marketing operation. She joined our Group in November 2022 as the general manager of marketing of our Group.

Ms. Qiao has extensive experience in marketing. Prior to joining our Group, from June 2012 to August 2014, she served as a marketing manager at Jiangsu Goodwe Power Technology Co., Ltd. (江蘇固德威電源科技股份有限公司), a company listed on the National Equities Exchange and Quotations (stock code: 835209), and then she worked at Huawei as a senior marketing manager from August 2014 to October 2022.

Ms. Qiao obtained her bachelor's degree in English from Jiangxi University of Finance and Economics (江西財經大學) in the PRC in July 2006, and her master's degree in foreign linguistics and applied linguistics from Shanghai University of International Business and Economics (上海對外經貿大學) in the PRC in March 2010.

Mr. Cheng Guobo (程國波), aged [49], is the general manager of manufacturing of our Company, and is responsible for overseeing manufacturing management and operation of our Group. He joined our Group in October 2022 as the general manager of manufacturing.

Mr. Cheng has extensive experience in product manufacturing. From August 2004 to December 2013, Mr. Cheng served as a manager in the manufacturing department of Delta Greentech (China) Co., Ltd. (中達電通股份有限公司). From May 2014 to February 2017, he served as the head of the power battery department at Corun Hybrid Technology Co., Ltd., (科力遠混合動力技術有限公司). Mr. Cheng subsequently served as a vice manager at Shanghai Jinghong New Energy Technology Co., Ltd. (上海精虹新能源科技有限公司), from February 2017 to April 2020. From February 2021 to September 2022, he first served as a vice manager and then as a general manager of the charging pile business division at Fox ESS Co., Ltd. Wuxi Branch (麥田能源股份有限公司無錫分公司).

Mr. Cheng obtained an associate degree in instrument and meter from Anhui University (安徽大學) in the PRC in July 1999, and obtained an intermediate professional title in 2013.

Mr. Huang Xueqi (黃雪琪), aged [43], is our general manager of finance and Secretary to the Board, and is responsible for overseeing finance management of our Company and coordinating with the Board. He joined our Group in July 2022 as the general manager of finance department. He was appointed as the Secretary to the Board in February 2025.

Mr. Huang has more than 15 years of experience in financial management. Prior to joining our Group, Mr. Huang worked at Shanghai Behr Thermal System Co., Ltd. (上海貝洱熱系統有限公司) from October 2007 to June 2010. He then worked at Shanghai Bosch Rexroth Hydraulics and Automation Co., Ltd. (上海博世力士樂液壓及自動化有限公司) from June 2010 to April 2013 and at Shanghai Yingchuang Decoration Design Engineering Co., Ltd. (上海盈創裝飾設計工程有限公司) from April 2013 to December 2013. From January 2014 to September 2017, Mr. Huang worked at Shanghai Horen Logistics Technology Co., Ltd. (上海箱箱智能科技有限公司), formerly known as Shanghai Hongyan Logistics Technology Co., Ltd. (上海鴻研物流技術有限公司). He subsequently worked as a finance director at GLB Intelligence & Power Co., Ltd. (格雷博智能動力科技有限公司), from September 2017 to June 2022.

Mr. Huang obtained his bachelor of engineering, majoring in automation from East China University of Science and Technology (華東理工大學) in the PRC in July 2004 and his master's degree in enterprise management from Shanghai University of Finance and Economics (上海財經大學) in the PRC in January 2007. Mr. Huang has been a registered member of the Chinese Institute of Certified Public Accountants, accredited by the Shanghai Institute of Certified Public Accountants (上海市註冊會計師協會), since December 2010.

Ms. Ou Chandan (歐嬋聃), aged [44], is our general manager of human resources and administration, and is responsible for human resources and administration management of our Group. She joined our Group in October 2022 as the general manager of human resources and administration of our Group.

Ms. Ou has extensive experience in human resources and management. Prior to joining our Group, she worked as a human resources senior manager at Jinko Green Energy (Shanghai) Management Co., Ltd. (晶科綠能(上海)管理有限公司), which is wholly-owned by Jinkosolar Holdings Limited (晶科能源股份有限公司), a leading clean energy company listed on the New York Stock Exchange (stock code: JKS), from September 2011 to December 2014. From December 2014 to August 2020, Ms. Ou successively serve as the director of the human resources department, the director of the board office and the internal audit department at Jinko Power Technology Co., Ltd. (晶科電力科技股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601778). Ms. Ou later served as the chief human resource officer in the group human resources department and the operation process AT department at Shanghai Fosun Hi-tech (Group) Co., Ltd. (上海複星高科技(集團)有限公司), from March 2021 to September 2022.

Ms. Ou obtained her bachelor's degree in business administration from Melbourne Institute of Technology in Australia in March 2004, and her master's degree in human resources from University of Sydney in Australia in October 2005.

JOINT COMPANY SECRETARIES

Mr. He Bin (賀濱) was appointed as a joint company secretary of our Company with effect from February 20, 2025. Mr. He joined our Group in August 2024 as the director of internal audit department, and is responsible for overseeing internal audit procedure.

Mr. He has extensive experience in accounting, audit, and internal controls. Prior to joining our Group, Mr. He worked at Deloitte Hua Yong Certified Public Accountants LLP (德勤華永會計師事務所(特殊普通合夥)) from October 2014 to May 2019, holding positions including senior auditor. Mr. He served as the head of the internal audit department at Shanghai Quectel Wireless Solutions Co., Ltd. (上海移遠通信技術股份有限公司) from June 2019 to August 2024.

Mr. He obtained his Bachelor of Science degree in Accounting and Management and his Master of Science degree in Accounting from Purdue University in the United States in May 2012 and May 2013, respectively. Mr. He has been qualified as a Certified Public Accountant (CPA) by the Indiana Board of Accountancy in the United States in February 2017, a Certified Public Accountant in China by the Chinese Institute of Certified Public Accountants in October 2019.

Mr. He has been a Certified Public Accountant in Hong Kong by the Hong Kong Institute of Certified Public Accountants in January 2021. In addition, Mr. He obtained the Board Secretary Qualification Certificate from the Shanghai Stock Exchange in August 2022.

Ms. Lai Ho Yan (賴浩恩) was appointed as one of our joint company secretaries with effect from February 20, 2025. Ms. Lai is currently a senior manager of company secretarial services of Tricor Services Limited, where she is responsible for providing corporate secretarial and compliance services to listed companies at the Stock Exchange and other multinational, private and offshore companies. Ms. Lai has more than eight years of experience in the company secretary profession. Ms. Lai is the named company secretary of several listed companies on the Stock Exchange, namely Wuhan Youji Holdings Ltd. (stock code: 2881), Beijing UBOX Online Technology Corp. (stock code: 2429), OneForce Holdings Limited (stock code: 1933) and MTT Group Holdings Limited (stock code: 2350).

Ms. Lai obtained her bachelor's degree in business administration in financial services and master's degree in corporate governance from The Hong Kong Polytechnic University in September 2016 and September 2020, respectively. She also holds a Bachelor of Laws from Manchester Metropolitan University in July 2024. She has been qualified as a Chartered Secretary, a Chartered Governance Professional, an associate of The Hong Kong Chartered Governance Institute (HKCGI) and an associate of The Chartered Governance Institute (CGI) in the United Kingdom.

INTERESTS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Saved as disclosed above, to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, as of the Latest Practicable Date, none of our Directors, Supervisors and senior management had been a director of any public company the securities of which were listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this Document. There are no other matters with respect to the appointment of our Directors and Supervisors that need to be brought to the attention of the Shareholders, nor is there any information relating to our Directors and Supervisors that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

As of the Latest Practicable Date, save as disclosed above, none of our Directors, Supervisors or senior management were related to other Directors, Supervisors or senior management of our Company.

Saved as disclosed in the sections headed "Relationship with our Controlling Shareholders," "Substantial Shareholders" and "Appendix IV — Statutory and General Information — Disclosure of Interests — Disclosure of Interests of Directors, Supervisors and Chief Executive of our Company," as of the Latest Practicable Date, none of our Directors and Supervisors held any interest in the securities within the meaning of Part XV of the SFO.

BOARD COMMITTEES

Our Board delegates certain responsibilities to various committees. In accordance with the relevant PRC laws and regulations and the Corporate Governance Code, Appendix C1 to the Listing Rules, our Company has formed three Board committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee.

Audit Committee

We [have] established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.4 and paragraph D.3 of Part 2 of the Corporate Governance Code, Appendix C1 to the Listing Rules. The Audit Committee consists of three Directors, namely Ms. Chen Jijin, Mr. Lin Jinwu and Ms. Yang Ting. Ms. Chen Jijin, who holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules, serves as the chairperson of the Audit Committee. The primary duties of the Audit Committee include, but are not limited to, the following:

- proposing the appointment or change of external auditors to our Board, monitoring the independence of external auditors and evaluating their performance;

- guiding internal audit work;

- examining the financial information of our Company, reviewing financial reports and statements of our Company and giving comments on relevant matters;

- assessing the effectiveness of internal control, and supervising the implementation of ESG policies and monitoring overall performance to ensure alignment with corporate strategy;

- coordinating the communication among management, internal audit department, related departments and external audit agency; and

- dealing with other matters that are authorized by the Board or involved in relevant laws and regulations.

Remuneration Committee

We [have] established a Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1 of Part 2 of the Corporate Governance Code. The Remuneration Committee consists of three Directors, namely Ms. Ng Wing Yan Claudia, Mr. Zhang Xianmiao and Mr. Lin Jinwu. Ms. Ng Wing Yan Claudia serves as the chairperson of the Remuneration Committee. The primary duties of the Remuneration Committee include, but are not limited to, the following:

- formulating individual remuneration plans for Directors, Supervisors and members of the senior management in accordance with the terms of reference of the job responsibilities, the importance of their positions as well as the remuneration benchmarks for the relevant positions in other comparable companies;

- examining the criteria of performance evaluation of Directors and the senior management of our Company, and conducting annual performance evaluation;

- supervising the implementation of the remuneration plan of the Company;

- reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules; and

- dealing with other matters that are authorized by the Board.

Nomination Committee

We [have] established a Nomination Committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules and paragraph B.3 of Part 2 of the Corporate Governance Code. The Nomination Committee consists of three Directors, namely Mr. Xu Yingtong, Ms. Ng Wing Yan Claudia and Mr. Lin Jinwu. Mr. Xu Yingtong serves as the chairperson of the Nomination Committee. The primary duties of the Nomination Committee include, but are not limited to, the following:

- making recommendations to our Board with regard to the size and composition of our Board based on our Company's business operation, asset scale and equity structure;
- researching and developing standards and procedures for the election of our Board members, general managers and members of the senior management, and making recommendations to our Board;
- conducting extensive search and providing to our Board suitable candidates for Directors, general managers and other members of the senior management;
- examining our Board candidates, general manager and members of the senior management and making recommendations to our Board;
- assessing and reviewing the independence of independent non-executive Directors; and
- dealing with other matters that are authorized by our Board.

COMPENSATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Our Directors, Supervisors and senior management receive their remuneration in the form of fees, salary, allowances and benefits in kind, performance related bonus, share-based payment expenses and pension scheme contributions.

For the years/periods ended December 31, 2022 and 2023 and the nine months ended September 30, 2024, the total remuneration accrued to our then Directors amounted to approximately nil, RMB94.8 million and RMB1.9 million, respectively.

For the years/periods ended December 31, 2022 and 2023 and the nine months ended September 30, 2024, the total remuneration accrued to our then Supervisors was nil.

For the years/periods ended December 31, 2022 and 2023 and the nine months ended September 30, 2024, the total emoluments paid to the five highest paid individuals (including Directors and Supervisors) by our Group amounted to approximately RMB38.6 million, RMB100.8 million and RMB7.1 million, respectively.

During the Track Record Period, no remuneration was paid by our Company to, or receivable by, our Directors, past Directors, Supervisors, past Supervisors or the five highest paid individuals as an inducement to join or upon joining our Company or as compensation for loss of office in connection with the management positions of any subsidiary of our Company.

None of the Directors or Supervisors waived their remuneration during the relevant period. The remuneration of Directors, Supervisors and senior management is determined with reference to a number of factors, including operating results of our Company, market comparables and the achievement of major operating indicators of our Company.

CONFIRMATION FROM OUR DIRECTORS

Rule 8.10 of the Listing Rules

Each of our Directors confirms that as of the Latest Practicable Date, he or she did not have any interest in a business which competes or is likely to compete, directly or indirectly, with our business, and requires disclosure under Rule 8.10 of the Listing Rules.

Rule 3.09D of the Listing Rules

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on February 15, 2025, and (ii) understands his or her obligations as a director of a [**REDACTED**] on the Stock Exchange under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors confirms (i) his/her independence with regard to each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) that he/she has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person of the Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his/her independence at the time of his/her appointments.

Despite Mr. Lin Jinwu has indirect connections with Hangzhou Yiyun and Xingxu Yaoneng, being our Shareholders, the details of which are disclosed under the section headed "History, Development and Corporate Structure — Pre-[**REDACTED**] Investments — Information about our Pre-[**REDACTED**] Investors", having conducted the assessment taking into consideration the applicable independence criteria as set out in Rule 3.13 of the Listing Rules, the Company and Mr. Lin consider Mr. Lin to be independent under Rule 3.13 of the Listing Rules.

CORPORATE GOVERNANCE

Our Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders. To accomplish this, our Company intends to comply with Corporate Governance Code set out in Appendix C1 to the Listing Rules and the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules after the [**REDACTED**].

Pursuant to code provision C.2.1 of Part 2 of the Corporate Governance Code, companies [**REDACTED**] on the Stock Exchange are expected to comply with, but may choose to deviate from, the requirement that the roles of chairman and chief executive should be separate and should not be performed by the same individual. We do not have a separate chairman and chief executive, since Mr. Xu, our chairman of the Board, an Executive Director and the Chief Executive Officer, currently performs these two roles. Mr. Xu is the founder of our Company and has extensive experience in the industry of our business. The Board believes that vesting the roles of both chairman and chief executive in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired, given that: (i) decision to be made by our Board requires approval by at least a majority of our Directors; (ii) Mr. Xu and the other Directors are aware of and undertake to fulfil their fiduciary duties as Directors, which require, among other things, that he acts for the benefit and in the best interests of our Company and will make decisions for our Company accordingly; (iii) the balance of power and authority is ensured by the operations of the Board, including three independent non-executive Directors, and has a fairly strong independence element; and (iv) the overall strategic and other key business, financial, and operational policies of our Company are made collectively after thorough discussion at both Board, and senior management levels.

The Board will continue to review and consider splitting the roles of chairman and chief executive of the Company if and when it is appropriate taking into account the circumstances of the Group as a whole. For further information relating to the Company's corporate governance measures, please see the section headed "Relationship with our Controlling Shareholders — Corporate Governance."

BOARD DIVERSITY POLICY

We are committed to promoting the culture of diversity in the Company. We have strived to promote diversity to the extent practicable by taking into consideration a number of factors in our corporate governance structure.

We [have adopted] the board diversity policy (the "**Board Diversity Policy**") which sets out the objective and approach to achieve and maintain diversity of our Board in order to enhance the effectiveness of our Board. Pursuant to the Board Diversity Policy, we seek to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, race, cultural background, educational background, industry experience and professional experience. Our Directors have a balanced mix of knowledge and skills, including knowledge and experience in the areas of energy, finance, corporate management and governance. They obtained degrees in various areas, including energy, engineering, management and business administration. Our Board Diversity Policy is well implemented as evidenced by the fact that there are Directors ranging from [40] years old to [50] years old and the Board comprises three female Directors and five male Directors. Pursuant to the Board Diversity Policy, we will use our best efforts to maintain at least one female representation in the Board and the current composition of the Board satisfies this target gender ratio. We will continue to take steps to promote diversity at all levels of the Company, including but without limitation to our Board and senior management levels, to enhance the effectiveness of corporate governance of the Company as a whole. Going forward, we will continue to work to enhance gender diversity of our Board when selecting and recommending suitable candidates for Board appointments.

Our Nomination Committee is responsible for ensuring the diversity of our Board members. After the [**REDACTED**], our Nomination Committee will review the Board Diversity Policy from time to time, develop and review measurable objectives for implementing the policy, and monitor the progress on achieving these measurable objectives to ensure its continued effectiveness. We will disclose in our corporate governance report about the implementation of the board diversity policy on an annual basis.

COMPLIANCE ADVISER

We have appointed Rainbow Capital (HK) Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules. The Compliance Adviser will provide us with guidance and advice as to compliance with the Listing Rules and other applicable laws, rules, codes and guidelines. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Adviser will advise our Company in certain circumstances including:

(a) before the publication of any regulatory announcement, circular or financial report;

(b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues, sales or transfers of treasury shares and share repurchases;

(c) where we propose to use the [**REDACTED**] of the [**REDACTED**] in a manner different from that detailed in this Document or where our business activities, developments or results deviate from any forecast, estimate or other information in this Document; and

(d) where the Stock Exchange makes an inquiry to our Company regarding unusual movements in the [**REDACTED**] or [**REDACTED**] of its [**REDACTED**] securities or any other matters in accordance with Rule 13.10 of the Listing Rules.

Pursuant to Rule 3A.24 of the Listing Rules, the Compliance Adviser will, on a timely basis, inform our Company of any amendment or supplement to the Listing Rules that are announced by the Stock Exchange. The Compliance Adviser will also inform our Company of any new or amended law, regulation or code in Hong Kong applicable to us, and advise us on the continuing requirements under the Listing Rules and applicable laws and regulations.

The term of the appointment will commence on the [**REDACTED**] and is expected to end on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [**REDACTED**].

OUR CONTROLLING SHAREHOLDERS

Immediately prior to the [**REDACTED**], our Company is controlled by Mr. Xu as to approximately 10.18% directly and as to approximately 39.10% indirectly through Mr. Xu Controlled Entities, namely (a) Shanghai Ouji as to 6.43%, (b) Shanghai Gulin as to 7.86%, (c) Shanghai Mailin as to 21.07% and (d) Shanghai Maita as to 3.74%. Mr. Xu, our Founder, the chairman of the Board and an executive Director, is the sole general partner of each of Mr. Xu Controlled Entities. As such, each of Mr. Xu Controlled Entities is a close associate of Mr. Xu. Mr. Xu and Mr. Xu Controlled Entities form a group of Controlling Shareholders for the purpose of the Listing Rules. As of the Latest Practicable Date, the group of Controlling Shareholders are in aggregate entitled to control the exercise of approximately 49.28% of the voting rights of our Company.

Immediately following the completion the [**REDACTED**], the group of Controlling Shareholders will be, in aggregate entitled to control the exercise of approximately [**REDACTED**]% of the voting rights (taking into account the [**REDACTED**], and assuming the [**REDACTED**] is not exercised) or approximately [**REDACTED**]% of the voting rights (taking into account the [**REDACTED**], and assuming the [**REDACTED**] is exercised in full) and thus remain as a group of Controlling Shareholders.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independently of our Controlling Shareholders and their close associates after [**REDACTED**].

Management Independence

We are able to carry on our business independently from the Controlling Shareholders from a management perspective. Our Board consists of eight Directors, including two executive Directors, three non-executive Directors and three independent non-executive Directors.

Our executive Directors and senior management team are responsible for the day-to-day management of our operations. Notwithstanding the roles of Mr. Xu in our Board and our senior management team, our Directors are of the view that our Company is able to function independently from the Controlling Shareholders for the following reasons:

(a) all of the independent non-executive Directors are independent of the Controlling Shareholders. Our independent non-executive Directors have extensive experience in different areas. We believe that they will be able to exercise their independent judgment and will be able to provide impartial opinions in the decision-making process of our Board to protect the interests of our Shareholders as a whole;

(b) each Director is aware of his/her fiduciary duties as a director which require, among other things, that he/she acts for the benefit and in the interest of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interests;

(c) our daily management and operations are carried out by our senior management team, all of whom have substantial experience in the industry in which our Company is engaged, and will therefore be able to make business decisions that are in the best interests of our Group;

(d) where a Board meeting or Shareholders' meeting is held to consider a proposed transaction in which our Directors or Controlling Shareholders or any of their respective close associates have a material interest, the relevant Directors or our Controlling Shareholders and their respective close associates shall abstain from voting on the relevant resolutions and shall not be counted towards the quorum for the voting; and

(e) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and the Controlling Shareholders which would support our independent management, in accordance with our Articles, relevant corporate governance policies and the Listing Rules as well as other applicable rules, laws and regulations.

Based on the above, our Directors believe that our Board as a whole and together with our senior management are able to perform the managerial role in our Group independently from the Controlling Shareholders and their close associates after the [**REDACTED**].

Operational Independence

Our Company has full rights to make all decisions on and to carry out for our own business development, staffing, logistics, administration, finance, internal audit, information technology, sales and marketing, or company secretarial functions. We have independent access to suppliers and customers and an independent management team to handle our day-to-day operations. We are also in possession of all relevant licenses necessary to carry on and operate our principal businesses, and we have sufficient operational capacity in terms of capital and employees to operate independently. We have our own departments specializing in these respective areas which have been in operation and are expected to continue to operate separately and independently from the Controlling Shareholders and their close associates. In addition, we have our own headcount of employees for our operations and management for human resources.

Based on the above, our Directors believe that we are able to operate independently from the Controlling Shareholders and their close associates.

Financial Independence

Our Group has a finance center independent from our Controlling Shareholders and their respective close associates. We have also established an independent financial system to make the decisions based on our own business needs. Moreover, our Group opens and manages bank accounts independently, and has never shared any bank account with Controlling Shareholders. Our Group has independent taxation registration according to the relevant laws, and makes tax payments independently according to the applicable PRC taxation laws and regulations. Our Group has never made any tax payment jointly with Controlling Shareholders or any other entities controlled by them.

Our Group has sufficient capital to operate its business independently and has adequate internal resources and a strong credit profile to support its daily operations. In addition, we are capable of obtaining financing from third parties without relying on any guarantee or security provided by our group of Controlling Shareholders. During the Track Record Period and up to the Latest Practicable Date, we had received the Pre-[**REDACTED**] Investments from third party investors independently. For details of the Pre-[**REDACTED**] Investment, see "History, Development and Corporate Structure." As of the Latest Practicable Date, there were no loans, advances and balances due to or from our Controlling Shareholders or their respective close associates, nor were there any pledges and guarantees provided by and to our Controlling Shareholders or their respective close associates.

Based on the above, our Directors are of the view that we are able to maintain financial independence from our Controlling Shareholders and their close associates.

DISCLOSURE UNDER RULE 8.10 OF THE LISTING RULES

As of the Latest Practicable Date, none of our Controlling Shareholders or Directors had any interest in any business which competes or is likely to compete, either directly or indirectly, with our Company's business which would require disclosure under Rule 8.10 of the Listing Rules.

CORPORATE GOVERNANCE

Our Company will comply with the provisions of the Corporate Governance Code in Appendix C1 to the Listing Rules, which sets out principles of good corporate governance.

Our Directors recognize the importance of good corporate governance in protection of our Shareholders' interests. We would adopt the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group and the Controlling Shareholders:

(a) where a Shareholders' meeting is to be held for considering proposed transactions in which the Controlling Shareholders or any of their respective associates has a material interest, the Controlling Shareholders will not vote on the resolutions and shall not be counted in the quorum in the voting;

(b) our Company has established internal control mechanisms to identify connected transactions. Upon the [**REDACTED**], if our Company enters into connected transactions with a Controlling Shareholder or any of his/its associates, our Company will comply with the applicable Listing Rules, including, where appropriate, the reporting, annual review by the independent non-executive Directors, announcement and independent shareholders' approval;

(c) our Board consists of a balanced composition of executive Directors and independent non-executive Directors, with independent non-executive Directors representing not less than one-third of our Board to ensure that our Board is able to effectively exercise independent judgment in its decision-making process and provide independent advice to our Shareholders. Our independent non-executive Directors individually and collectively possess the requisite knowledge and experience to perform their duties. They will review whether there is any conflict of interests between our Group and our Controlling Shareholders and provide impartial and professional advice to protect the interests of our minority Shareholders;

(d) where our Directors reasonably request the advice of independent professionals, such as financial advisers, the appointment of such independent professionals will be made at our Company's expenses; and

(e) we have appointed Rainbow Capital (HK) Limited as our Compliance Adviser to provide advice and guidance to us in respect of compliance with the Listing Rules, including various requirements relating to corporate governance.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest between our Group and the Controlling Shareholders, and to protect minority Shareholders' interests after the [**REDACTED**].

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the [**REDACTED**] (taking into account the [**REDACTED**], and assuming the [**REDACTED**] is not exercised), the following persons will have interests and/or short positions in the Shares or underlying shares of our Company which would fall to be disclosed pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company:

		As of the Latest Practicable Date, without taking into account [REDACTED]			Following the completion of the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised)		
Name of Shareholder	**Nature of Interest**	**Description of Shares**	**Number of Shares**	**Approximate percentage of shareholding in our total share capital**	**Number of Shares[1]**	**Approximate percentage of shareholding in Unlisted Shares/H Shares[2]**	**Approximate percentage of shareholding in our total share capital[2]**
Mr. Xu[3]	Beneficial owner	Unlisted Shares	2,374,586	10.18%	[REDACTED]	[REDACTED]%	[REDACTED]%
		H Shares	–	–	[REDACTED]	[REDACTED]%	[REDACTED]%
	Interests held in controlled corporations	Unlisted Shares	9,120,043	39.10%	[REDACTED]	[REDACTED]%	[REDACTED]%
		H Shares	–	–	[REDACTED]	[REDACTED]%	[REDACTED]%
Ms. Yang Ting[3]	Spouse interest	Unlisted Shares	11,494,629	49.28%	[REDACTED]	[REDACTED]%	[REDACTED]%
		H Shares	–	–	[REDACTED]	[REDACTED]%	[REDACTED]%
Shanghai Ouji[3]	Beneficial owner	Unlisted Shares	1,500,000	6.43%	[REDACTED]	[REDACTED]%	[REDACTED]%
		H Shares	–	–	[REDACTED]	[REDACTED]%	[REDACTED]%
Shanghai Gulin[3]	Beneficial owner	Unlisted Shares	1,833,000	7.86%	[REDACTED]	[REDACTED]%	[REDACTED]%
		H Shares	–	–	[REDACTED]	[REDACTED]%	[REDACTED]%
Shanghai Mailin[3]	Beneficial owner	Unlisted Shares	4,914,528	21.07%	[REDACTED]	[REDACTED]%	[REDACTED]%
		H Shares	–	–	[REDACTED]	[REDACTED]%	[REDACTED]%
Mr. Zhang[4]	Beneficial owner	Unlisted Shares	291,529	1.25%	[REDACTED]	[REDACTED]%	[REDACTED]%
		H Shares	–	–	[REDACTED]	[REDACTED]%	[REDACTED]%
	Interests held in controlled corporation	Unlisted Shares	2,305,177	9.88%	[REDACTED]	[REDACTED]%	[REDACTED]%
		H Shares	–	–	[REDACTED]	[REDACTED]%	[REDACTED]%
Shanghai Qianzhusong[4]	Beneficial owner	Unlisted Shares	2,305,177	9.88%	[REDACTED]	[REDACTED]%	[REDACTED]%
		H Shares	–	–	[REDACTED]	[REDACTED]%	[REDACTED]%
Zhuhai Meiheng[5]	Beneficial owner	Unlisted Shares	3,473,684	14.89%	[REDACTED]	[REDACTED]%	[REDACTED]%
		H Shares	–	–	[REDACTED]	[REDACTED]%	[REDACTED]%
Shanghai Gao Ling[5]	Interests held in controlled corporation	Unlisted Shares	3,473,684	14.89%	[REDACTED]	[REDACTED]%	[REDACTED]%
		H Shares	–	–	[REDACTED]	[REDACTED]%	[REDACTED]%

SUBSTANTIAL SHAREHOLDERS

		As of the Latest Practicable Date, without taking into account [REDACTED]			Following the completion of the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised)		
Name of Shareholder	Nature of Interest	Description of Shares	Number of Shares	Approximate percentage of shareholding in our total share capital	Number of Shares[1]	Approximate percentage of shareholding in Unlisted Shares/H Shares[2]	Approximate percentage of shareholding in our total share capital[2]
Zhuhai Gao Ling[5] . . .	Interests held in controlled corporation	Unlisted Shares	3,473,684	14.89%	[REDACTED]	[REDACTED]%	[REDACTED]%
		H Shares	–	–	[REDACTED]	[REDACTED]%	[REDACTED]%
Guangzhou Huaxin[6]. . .	Beneficial owner	Unlisted Shares	1,907,895	8.18%	[REDACTED]	[REDACTED]%	[REDACTED]%
		H Shares	–	–	[REDACTED]	[REDACTED]%	[REDACTED]%
Zhuhai Huaxin[6].	Interests held in controlled corporation	Unlisted Shares	1,907,895	8.18%	[REDACTED]	[REDACTED]%	[REDACTED]%
		H Shares	–	–	[REDACTED]	[REDACTED]%	[REDACTED]%
Qingdao Huaxin	Interests held in controlled corporation	Unlisted Shares	1,907,895	8.18%	[REDACTED]	[REDACTED]%	[REDACTED]%
		H Shares	–	–	[REDACTED]	[REDACTED]%	[REDACTED]%
Walden Alps	Interests held in controlled corporation	Unlisted Shares	1,907,895	8.18%	[REDACTED]	[REDACTED]%	[REDACTED]%
		H Shares	–	–	[REDACTED]	[REDACTED]%	[REDACTED]%

Notes:

1. All interests stated are long positions.

2. The calculation is based on the assumptions that (i) the [**REDACTED**] is completed, (ii) [**REDACTED**] Unlisted Shares will be converted into H Shares, and (iii) the total number of the Shares in issue will be [**REDACTED**] Shares immediately after completion of the [**REDACTED**]; and (iv) the [**REDACTED**] is not exercised.

3. As of the Latest Practicable Date, Mr. Xu is the sole general partner of Shanghai Ouji, Shanghai Gulin, Shanghai Mailin and Shanghai Maita. As such, by virtue of SFO, Mr. Xu is deemed to be interested in the Shares held by Shanghai Ouji, Shanghai Gulin, Shanghai Mailin and Shanghai Maita.

4. As of the Latest Practicable Date, the sole general partner of Shanghai Qianzhusong was Mr. Zhang. As such, by virtue of SFO, Mr. Zhang is deemed to be interested in the Shares held by Shanghai Qianzhusong upon the completion of the [**REDACTED**] under the SFO.

5. As of the Latest Practicable Date, the general partner of Zhuhai Meiheng Equity Investment Partnership Enterprise (Limited Partnership) (珠海玫恒股權投資合夥企業(有限合夥), "**Zhuhai Meiheng**") was Shanghai Gao Ling Venture Investment Management Co., Ltd. (上海高瓴創業投資管理有限公司, "**Shanghai Gao Ling**"), the limited partners of Zhuhai Meiheng are private equity funds or investment entities managed by Zhuhai Gao Ling Private Fund Management Co., Ltd. (珠海高瓴私募基金管理有限公司) ("**Zhuhai Gao Ling**"). As such, by virtue of SFO, each of Shanghai Gao Ling, Zhuhai Gao Ling is deemed to be interested in the Shares held by Zhuhai Meiheng.

6. Guangzhou Huaxin Shengjing Innovation Investment Center (Limited Partnership) (廣州華芯盛景創業投資中心(有限合夥), "**Guangzhou Huaxin**") is a limited partnership established in the PRC on October 28, 2021. The general partner of Guangzhou Huaxin is Zhuhai Huaxin Quantum Consultancy Management Enterprise (Limited Partnership) (珠海華芯量子諮詢管理企業(有限合夥), "**Zhuhai Huaxin**"), holding 1.0% partnership interest therein. Zhuhai Huaxin has three partners, including (i) Qingdao Huaxin Focus Investment Management Co., Ltd. (青島華芯焦點投資管理有限公司, "**Qingdao Huaxin**") as its sole general partner holding 25.0% partnership interest, which is wholly-owned by Walden Alps Investment Management Hong Kong Limited ("**Walden Alps**"), (ii) Walden Alps as its limited partner, holding 25.0% partnership interest, and (iii) an Independent Third Party, Wu Meng, holding 50% partnership interest. As such, by virtue of SFO, Zhuhai Huaxin, Qingdao Huaxin and Walden Alps are deemed to be interested in the Shares held by Guangzhou Huaxin.

For details of the substantial shareholders who will be, directly or indirectly, interested in 10% or more of the value of any class of Shares varying rights to vote in all circumstances at general meetings of any member of our Group, see "Statutory and General Information — Disclosure of Interests — Disclosure of Interests of Substantial Shareholders" in Appendix IV to this Document.

Save as disclosed herein, our Directors are not aware of any persons who will, immediately following completion of the [**REDACTED**] (taking into account the [**REDACTED**], and assuming the [**REDACTED**] is not exercised), have interests and/or short positions in Shares or underlying shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

This section presents certain information regarding our share capital before and upon completion of the [**REDACTED**].

BEFORE THE [REDACTED]

As of the Latest Practicable Date, the registered capital of our Company was RMB23,322,303, comprising 23,322,303 Unlisted Shares in issue of nominal value RMB1.00 each.

Immediately prior to the [**REDACTED**], the Shares will [**REDACTED**] a [**REDACTED**], and upon completion of the [**REDACTED**], the registered share capital of our Company will be RMB23,322,303, comprising [**REDACTED**] Unlisted Shares in issue of nominal value [**REDACTED**] each.

UPON COMPLETION OF THE [REDACTED]

Immediately following completion of the [**REDACTED**], assuming the [**REDACTED**] is not exercised, the share capital of our Company immediately following completion of the [**REDACTED**] (taking into account the [**REDACTED**]) will be as follows:

Description of Shares	Number of Shares	Approximate percentage to total share capital
Unlisted Shares in issue	[**REDACTED**]	[**REDACTED**]%
H Shares to be converted from Unlisted Shares	[**REDACTED**]	[**REDACTED**]%
H Shares to be [**REDACTED**] under the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Total	[**REDACTED**]	**100.00%**

Immediately following completion of the [**REDACTED**], assuming the [**REDACTED**] is fully exercised, the share capital of our Company immediately following completion of the [**REDACTED**] (taking into account the [**REDACTED**]) will be as follows:

Description of Shares	Number of Shares	Approximate percentage to total share capital
Unlisted Shares in issue	[**REDACTED**]	[**REDACTED**]%
H Shares to be converted from Unlisted Shares	[**REDACTED**]	[**REDACTED**]%
H Shares to be [**REDACTED**] under the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Total	[**REDACTED**]	**100.00%**

RANKING

Upon completion of the [**REDACTED**], we would have only one class of Shares. H Shares and Unlisted Shares are all ordinary Shares in the share capital of our Company. However, apart from certain qualified domestic institutional investors in the PRC, the qualified PRC investors under the Shanghai — Hong Kong Stock Connect or the Shenzhen — Hong Kong Stock Connect and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities, H Shares generally cannot be subscribed for by or traded between legal or natural persons of the PRC.

Unlisted Shares and H Shares will rank *pari passu* with each other in all respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this Document. All dividends in respect of the H Shares are to be paid by us in Hong Kong dollars or in the form of H Shares.

CONVERSION OF OUR UNLISTED SHARES INTO H SHARES

All our Unlisted Shares are not listed or traded on any stock exchange. The holders of our Unlisted Shares may convert their Shares into H Shares provided that such conversion shall have completed any requisite internal approval process and complied with the relevant regulations as prescribed by the securities regulatory authorities of the State Council and the regulations, requirements and procedures prescribed by the overseas stock exchange(s) and [have completed] the required filing with the securities regulatory authorities of the State Council, including the CSRC. The [**REDACTED**] of such converted H Shares on the Stock Exchange will also require the approval of the Stock Exchange.

Based on the procedures for the conversion of our Unlisted Shares into H Shares as disclosed in this section, we can apply for the [**REDACTED**] of all or any portion of our Unlisted Shares on the Stock Exchange as H Shares in advance of any proposed conversion to ensure that the conversion process can be completed promptly upon notice to the Stock Exchange and delivery of Shares for entry on the [**REDACTED**]. As any listing of additional Shares after our [**REDACTED**] on the Stock Exchange is ordinarily considered by the Stock Exchange to be a purely administrative matter, it will not require such prior application for [**REDACTED**] at the time of our [**REDACTED**] in Hong Kong.

No class Shareholder voting is required for the [**REDACTED**] and [**REDACTED**] of the converted Shares on the Hong Kong Stock Exchange. Any application for [**REDACTED**] of the converted Shares on the Hong Kong Stock Exchange after our [**REDACTED**] is subject to prior notification by way of announcement to inform Shareholders and the public of such proposed conversion.

After all the requisite approvals have been obtained, the following procedures will need to be completed: the relevant Unlisted Shares will be withdrawn from the Share register, and we will re-register such Shares on our [**REDACTED**] maintained in Hong Kong and instruct the [**REDACTED**] to [**REDACTED**]. Registration on our H Share register will be on the condition that (a) our [**REDACTED**] lodges with the Hong Kong Stock Exchange a letter confirming the proper entry of the relevant H Shares on the H Share register of members and the due dispatch of [**REDACTED**], and (b) the admission of the H Shares to [**REDACTED**] on the Hong Kong Stock Exchange will comply with the Listing Rules and the General Rules of HKSCC and the HKSCC Operational Procedures in force from time to time. Until the converted Shares are re-registered on our H Share register, such Shares would not be [**REDACTED**] as H Shares.

For further details, see "Risk Factors — Risks Related to the [**REDACTED**] — Future sales or perceived sales of substantial amounts of our H Shares in the public market could have a material adverse effect on the [**REDACTED**] of our H Shares and our ability to raise additional capital in the future."

TRANSFER OF SHARES ISSUED PRIOR TO THE [REDACTED]

Pursuant to the PRC Company Law, our Shares issued prior to the [**REDACTED**] shall not be transferred within one year from the [**REDACTED**].

[**REDACTED**]

REGISTRATION OF SHARES NOT LISTED ON AN OVERSEAS STOCK EXCHANGE

According to the Guidelines for the "Full Circulation" Program for Domestic Unlisted Shares of H-share Listed Companies (《H股公司境內未上市股份申請"全流通"業務指引》), the domestic shareholders of unlisted shares shall, in accordance with the relevant rules of the CSRC, handle the transfer registration of shares, complete the procedures of share registration and stock [**REDACTED**] in accordance with the relevant regulations of the Hong Kong market, and disclose information in accordance with the relevant law and regulations. The H-share listed company shall submit a report on the relevant situation to the CSRC within 15 days after the registration with the CSRC of the shares related to the application has been completed.

SHAREHOLDERS' GENERAL MEETING

For details of circumstances under which our Shareholders' general meeting are required, see "Summary of Articles of Association of the Company" in Appendix III to this Document.

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

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. In evaluating our business, you should carefully consider the information provided in this Document, including but not limited to the sections headed "Risk Factors" and "Business."

For the purposes of this section, unless the context otherwise requires, references to 2022 refers to the period from May 24, 2022 to December 31, 2022, and 2023 refers to our financial year ended December 31, 2023.

OVERVIEW

We are a global leader in renewable energy solutions. We believe the next-generation distributed energy storage systems (ESS) — a product that tens of millions of homes and businesses around the world use for solar power generation, storage and charging — will be characterized by incorporating AI and advanced software technologies to deliver smarter, safer and scalable energy solutions. Two years after our founding, we have become the world's No. 1 provider of stackable all-in-one DESS solutions as measured by product shipments with a 24.3% market share in the nine months ended September 30, 2024 according to Frost & Sullivan.

We develop and provide innovative renewable energy solutions for both homes and businesses. Our flagship product, *SigenStor*, seamlessly integrates a solar inverter, EV DC charger, Power Conversion System (PCS), battery pack, and Energy Management System (EMS) with a modular, stackable product design. With simple stacking or module replacement, users can tailor capacity to meet a range of energy needs across residential, commercial, and industrial applications, showcasing substantial flexibility and scalability. During the Track Record Period, *SigenStor* sales had consistently contributed over 90% of our total revenue.

The exceptional scalability and convenience benefits offered by our products have captivated customers worldwide. At present, our reach extends far and wide — we work with an extensive network of 99 distributors spanning over 60 countries and regions as of the Latest Practicable Date, and we have become the go-to partner for leading distributors in all major markets such as Europe, APAC and Africa, including the top distributor in the UK, Ireland, Sweden, South Africa, Australia and United States. In the nine months ended September 30, 2024, we achieved total energy capacity sales of 220 MWh for our flagship product, SigenStor.

To uphold exceptional product quality, we manufacture our products at our manufacturing facilities in Lin-gang, Shanghai and Nantong, Jiangsu. By pairing advanced equipment and technology with rigorous quality control protocols, we ensure product reliability and performance. As of the Latest Practicable Date, our expected annual production capacity is 90,000 units for inverters and 1.8 GWh for battery packs, respectively, and our utilization rates were 73.6% and 88.3%, respectively, for the nine months ended September 30, 2024.

Driven by our technological capabilities and the compelling value of our products, we experienced rapid business expansion and revenue growth throughout the Track Record Period. Our revenues increased from nil in 2022 to RMB58.3 million in 2023, and from RMB4.4 million in the nine months ended September 30, 2023 to RMB699.7 million for the corresponding period in 2024. While we have been incurring net losses during the Track Record Period as we transitioned from research and development to large-scale commercial production, our net loss has narrowed significantly to RMB53.4 million in the nine months ended September 30, 2024, compared to RMB199.6 million for the corresponding period in 2023.

BASIS OF PREPARATION

Our financial information during the Track Record Period has been prepared in accordance with all applicable IFRS Accounting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB"), which comprise all standards and interpretations approved by the IASB. All IFRSs Accounting Standards effective for the accounting period commencing from January 1, 2024, together with the relevant transitional provisions, have been early adopted by us in the preparation of the financial information throughout the Track Record Period.

Our financial information during the Track Record Period has been prepared under the historical cost convention, except for derivative financial instruments at fair value through profit or loss, which have been measured at fair value.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business and results of operations are influenced by various general factors that affect overall end-user demands and market conditions for ESS solutions. These factors include macroeconomic trends, industry dynamics, technological advances and innovations, government policies and regulations, and the competitive landscape. Any negative change in these conditions may adversely impact our results of operations.

In addition to these general factors, the following specific factors have a more direct impact on our results of operations.

Our Ability to Expand Distribution Network and Enter New Markets

Our continued revenue growth depends on our ability to expand our end-user base through our global distribution network. As of the Latest Practicable Date, we work with an extensive network of 99 distributors spanning over 60 countries and regions, and we have become the go-to partner for leading distributors in all major markets such as Europe, APAC and Africa, including the top distributor in the UK, Ireland, Sweden, South Africa, Australia and United States. In 2023 and the nine months ended September 30, 2024, revenue from overseas markets contributed 87.8% and 91.7% of our total revenue, respectively.

To capitalize on tremendous market opportunities in overseas markets, we are committed to expanding our global footprint. Our strategy includes forging deeper collaborations with leading distributors in international markets, enhancing brand visibility through multifaceted and localized sales and marketing efforts, and advancing R&D to develop tailored ESS solutions that address the unique energy needs of diverse regions.

Production Capacity Management and Production Efficiency

The growth in our revenue and market share during the Track Record Period largely depended upon, and is expected to continue to depend on, our ability to successfully manage and expand our production capacity. We expect that the continual expansion of our production capacity and capabilities to match the growing market demand will be key to our ability to achieve and maintain profitability. As of Latest Practicable Date, we had two manufacturing facilities in China, with an expected annual production capacity of 90,000 units for inverters and 1.8 GWh for battery packs. See "Business — Manufacturing" for details. To address growing market demand, we are carrying out expansion work at our Lin-gang manufacturing center to expand a battery pack production line, and at our Nantong temporary production base to construct two inverter production lines, and we further plan to construct a new, permanent production base in Nantong, Jiangsu for C&I ESS solutions. See "Business — Manufacturing — Planned Production Capacity Expansion" for details.

Furthermore, our business results, profitability and future growth are affected by our ability to continuously enhance production efficiency and manage costs. We believe that our continued efforts in developing and implementing new technologies, processes, and equipment will enhance our production efficiency and improve our ability to manage manufacturing costs and improve profit margins. For example, we have implemented the latest manufacturing execution system (MES) to streamline our processes and provide real-time monitoring throughout production, while our Lin-gang manufacturing center has integrated our own products for solar-powered production, simultaneously reducing our carbon footprint while also reducing energy costs. We will continuously strengthen our intelligent manufacturing capabilities through introducing cutting-edge equipment and manufacturing technologies and adopting the industry's most stringent production standards and manufacturing execution systems to improve manufacturing efficiency and product quality. We believe the above measures in production capacity management, production efficiency and cost control will enable us to deliver more products and generate more revenue, while optimizing our costs and improving profit margins.

Our Ability to Expand Product and Service Offerings

Our ability to introduce new products and new services will be an important contributor to our future growth. Our flagship product, *SigenStor* is scalable across both residential and C&I use cases. We have also introduced a set of ESS solutions tailored for C&I uses in June 2024, leveraging the flexibility and scalability of our modular designs to deliver ESS solutions designed for a wide range of C&I energy needs. In the future, we also plan to further diversify our product portfolio through introducing new offerings tailored for large-scale power plants, expanding our product portfolio to cover a full spectrum of residential, C&I and utility-scale projects. To further expand our service offerings and create new service-based monetization channels, we will continue to invest in R&D of our cloud-native architecture and user-friendly *mySigen* App to deliver efficient services and energy management optimizations that are highly integrated and complementary to our product offerings, such as intelligent energy planning, scheduling, security protection and customer service and after-sales support features.

Acceptance of our products and services, in particular for new products and services, by end users also depends on our ability to maintain competitive pricing and optimize our product and service mix. We aim to offer users compelling value propositions by providing them with a comprehensive and flexible ESS solution with seamless hardware and software integration, creating a one-stop, scalable energy ecosystem across residential, C&I and utility-scale use cases.

Investment in R&D

Our success depends on our ability to innovate and advance our ESS solutions technologies, and we operate in an industry characterized by rapidly evolving technologies and standards. These technological advancements place increasing demands on the continual improvement of our products and production processes, necessitating continual invest in R&D to maintain competitive edges in performance, safety, reliability and cost efficiency of our products, as well as to launch new products to capture new market opportunities and expand our product application scenarios. We have adopted the IPD process to streamline and unify various departments into a single R&D team collaborating across the entire product development lifecycle, with common R&D platforms to enable rapid technological iterations of existing product lines and expansion into new application scenarios. We also believe that continual R&D investment into intelligent software technologies to deliver innovative AI-empowered solutions is a key factor of our competitive advantage. Our ability to continuously develop advanced technologies and provide end-users with compelling ESS solutions, tailored to a diverse range of use cases, has been and will continue to be essential for maintaining our long-term competitive edge in the market.

Fluctuation in raw material prices

During the Track Record Period, the cost of raw materials was the largest component of our cost of sales. In 2022, 2023 and the nine months ended September 30, 2023 and 2024, our material costs were nil, RMB27.1 million, RMB2.5 million and RMB314.8 million, respectively, accounting for nil, 67.6%, 58.1% and 80.7% of our total cost of sales, respectively. Therefore, the prices of raw materials used in key components of our products, such as the cost of raw materials used in our lithium-ion ESS battery cells, have a significant impact on our results of operations. According to Frost & Sullivan, in 2021 and 2022, the rising price of such raw materials caused a corresponding increase in the price of ESS battery cells, from 0.7 RMB/Wh to 0.8 RMB/Wh. In 2023, the decline in raw material costs and intense competition within China's ESS battery industry led the price of ESS battery cells to decline sharply in 2023 to 0.5 RMB/Wh. The prices of raw materials are determined principally by market forces and changes in governmental policies, as well as our bargaining power with our suppliers. We have implemented comprehensive supply chain management measures and maintain a diversified base of 945 suppliers globally as of September 30, 2024, which we believe will continue to enable us to maintain a stable supply chain to mitigate the risk of price fluctuations of key raw materials. Because we adjust our selling prices taking into account our costs, including fluctuations in raw material prices, our revenue is affected by fluctuations in raw material costs. To the extent we cannot manage fluctuations in raw material prices or fail to pass along such fluctuations in raw material costs to customers, our profit margin would be affected.

SEASONALITY

According to Frost & Sullivan, ESS sales in the key markets we operate in exhibit noticeable seasonality for a variety of reasons, including seasonal demand fluctuations, policy influences, holidays, and climate conditions, among others. Accordingly, our product sales are influenced by seasonal trends and we generally record lower sales during the first quarter and higher sales in the fourth quarter. See "Risk Factors — Our sales and results of operations are subject to seasonal variations."

MATERIAL ACCOUNTING POLICY INFORMATION AND ESTIMATES

Some of our accounting policies require us to apply estimates, assumptions, and complex judgments related to accounting items. These estimates, assumptions, and judgments have a significant impact on our financial position and results of operations. Our management continuously evaluates such estimates, assumptions, and judgments based on past experience, industry practices, and expectations of future events that are deemed reasonable under the circumstances. During the Track Record Period, there had not been any material deviation from our management's estimates or assumptions and actual results, and we had not made any material changes to these estimates or assumptions. We do not expect any material changes to these estimates and assumptions in the foreseeable future.

Below are accounting policies that we believe are of critical importance to us or involve the most material estimates, assumptions, and judgments used in the preparation of our financial statements. For a better understanding of our financial conditions and results of operations, we have set forth our material accounting policy information and material accounting judgment and estimates in Notes 2.3 and 3 to the Accountants' Report included in Appendix I to this Document.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognized when control of goods is transferred to the customers at an amount that reflects the consideration to which our Group expects to be entitled in exchange for those goods.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which our Group will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Sale of goods

Revenue from the sale of goods is recognized at the point in time when control of the asset is transferred to the customer, generally on acceptance of the goods by customer or upon the confirmation from customer. Under the terms of free on board ("FOB"), the control of assets is transferred to customers when the products pass the ship's rail at the named port of shipment, while under the cost, insurance and freight ("CIF"), the control is transferred when the products are on the water.

Other income

Interest income is recognized on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, our Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Plant and machinery	4.75% to 9.50%
Furniture and office equipment	19.00%
Motor vehicles	23.75%
Other equipment	31.67% to 33.33%
Leasehold improvements	22.22% to 66.67%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in profit or loss in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of the acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Software

Software is stated at cost less any impairment losses and is amortized on the straight-line basis over its estimated useful life of 10 years.

Research and development costs

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when our Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, our intention to complete and our ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on the weighted average basis. Net realizable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Provision

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

We provide for warranties in relation to the sale of certain products and general repairs of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by us are initially recognised based on the industry rate, discounted to their present values as appropriate. The warranty-related cost is revised quarterly.

Share-based payments

The Company operates a share option scheme. Employees (including directors) of our Group receive remuneration in the form of share-based payments, whereby employees (including directors) render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in Note 28 to the Accountants' Report included in Appendix I to this Document.

The cost of equity-settled transactions is recognized in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and our Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognized as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of our Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognized. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Variable consideration for volume rebates

We estimate variable consideration to be included in the transaction price for the sale of products with rights of volume rebates. Our expected volume rebates are analysed on a per customer basis for contracts that are subject to a single volume threshold. Determining whether a customer is likely to be entitled to a rebate depends on the customer's historical rebate entitlement and accumulated purchases to date. We update our assessment of expected volume rebates quarterly and the contract liabilities are adjusted accordingly. Estimates of expected volume rebates are sensitive to changes in circumstances and our past experience regarding rebate entitlements may not be representative of customers' actual rebate entitlements in the future. The expected volume rebates at the end of each of the Relevant Periods and the nine months ended 30 September 2024 were disclosed in Note 24 to the Accountants' Report included in Appendix I to this Document.

Provision for expected credit losses on trade receivables and other receivables

Our Group has applied the probability of default approach to calculate the expected credit losses for trade receivables and other receivables and considered the default event, historical loss rate and adjusted for forward-looking macroeconomic data in calculating the expected credit loss rate. The assessment of the correlation among historical loss rates and forecast economic conditions is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. Our Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on our Group's trade receivables and other receivables is disclosed in Notes 19 and 20 to the Accountants' Report included in Appendix I to this Document.

SUMMARY CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

The following table sets forth a summary of our consolidated statements of profit or loss, in absolute amounts and as a percentage of our total revenue, for the periods indicated.

	Period from May 24, 2022 to December 31,		Year ended December 31,		For the nine months ended September 30,			
	2022		2023		2023		2024	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
					(unaudited)			
	(in thousands, except for percentages)							
Revenue	–	–	58,302	100.0	4,422	100.0	699,741	100.0
Cost of sales	–	–	(40,053)	(68.7)	(4,339)	(98.1)	(390,191)	(55.8)
Gross profit	**–**	**–**	**18,249**	**31.3**	**83**	**1.9**	**309,550**	**44.2**
Other income and gains, net	1,354	–	9,775	16.8	5,456	123.4	14,432	2.1
Selling and distribution expenses	(685)	–	(53,422)	(91.6)	(22,566)	(510.3)	(104,692)	(15.0)
Administrative expenses	(50,318)	–	(149,628)	(256.6)	(46,770)	(1,057.7)	(50,128)	(7.2)
Research and development expenses	(26,164)	–	(193,005)	(331.0)	(133,014)	(3,008.0)	(197,649)	(28.2)
Finance costs	(367)	–	(4,755)	(8.2)	(2,773)	(62.7)	(8,014)	(1.1)
Impairment losses on financial assets, net	(7)	–	(500)	(0.9)	(45)	(1.0)	(6,108)	0.9
Loss before tax	**(76,187)**	**–**	**(373,286)**	**(640.3)**	**(199,629)**	**(4,514.5)**	**(42,609)**	**(6.1)**
Income tax expense	–	–	(166)	(0.3)	–	–	(10,745)	(1.5)
Loss for the year/period	**(76,187)**	**–**	**(373,452)**	**(640.5)**	**(199,629)**	**(4,514.5)**	**(53,354)**	**(7.6)**

Non-IFRS Financial Measures

To supplement our consolidated financial statements presented in accordance with IFRSs, we use adjusted net loss (non-IFRS measure) for the year/period as an additional financial measure, which is not required by, or presented in accordance with IFRSs. We define adjusted net loss (non-IFRS measure) for the year/period as the loss for the year/period adjusted to add back equity-settled share-based payment expenses. We believe that this non-IFRS measure facilitates comparisons of operating performance from year to year and company to company by eliminating potential impacts of items that our management does not consider to be indicative of our operating performance. We believe that this non-IFRS measure provides useful information to investors in understanding and evaluating our consolidated results of operations in the same manner as it helps our management. The use of this non-IFRS measure has limitations as an analytical tool, and investors should not consider it in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRSs.

The following table sets forth a reconciliation of our adjusted net loss (non-IFRS measure) for the years/periods presented to the nearest measures prepared in accordance with IFRS, which is loss for the year/period.

	Period from May 24, 2022 to December 31,	Year ended December 31,	For the nine Months ended September 30,	
	2022	2023	2023	2024
			(Unaudited)	
		(RMB in thousands)		
Loss for the year/period . .	(76,187)	(373,452)	(199,629)	(53,354)
Add back:				
Equity-settled share-based payment expenses[(1)]	37,253	123,954	23,904	33,970
Adjusted net loss for the year/period	(38,934)	(249,498)	(175,725)	(19,384)

Note:

(1) Equity-settled share-based payment expenses represent compensation paid in the form of company shares or stock options to employees, directors, or other parties, which are non-cash and non-operational in nature.

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

During the Track Record Period, our revenue was primarily derived from sales of our ESS solutions and products, predominantly our flagship 5-in-1 ESS solution *SigenStor*. Additionally, we also generated revenue from gateways and other products.

SigenStor. We generate revenue by selling *SigenStor*, the world's first AI-optimized, 5-in-1 ESS solution according to Frost & Sullivan, to a global customer base, primarily consisting of reputable distributors worldwide. *SigenStor* seamlessly integrates a solar inverter, EV DC charger, PCS, battery pack, and EMS into a modular, stackable design. This allows users to customize and replace modules to meet diverse energy needs, resulting in varying selling prices for the product. In line with market practices for assessing ESS sales volumes, according to Frost & Sullivan, we measure the sales volume of *SigenStor* based on the energy capacity of its battery packs sold (which is the core function for ESS solutions). In 2023 and the nine months ended September 30, 2024, we sold total energy capacities of 18 MWh and 220 MWh, respectively, with average selling prices of 3.17 RMB/Wh and 2.88 RMB/Wh, respectively.

Gateways. We generate revenue from sales of energy gateways, which is an intelligent backup box designed to offer uninterrupted power through versatile integration with solar inverters, ESS, the grid, and backup generators. Under our gateway product category, we offer three-phase C&I and residential gateways as well as single-phase gateways. In 2023 and the nine months ended September 30, 2024, we sold a total of 392 units and 6,673 units, respectively, with average selling prices of 2,844 RMB/unit and 5,582 RMB/unit, respectively, driven by our changing product mix, and, in particular, increased sales of three-phase gateways which generally have a higher unit price compared to single-phase gateways.

Others. To a much lesser extent, we also generate revenue by selling other products, such as EV AC chargers and accessories, on a limited scale.

The following table sets forth a breakdown of our revenue by product, in absolute amounts and as a percentage of our total revenue, for the periods indicated.

	Period from May 24, 2022 to December 31,		**Year ended December 31,**		**For the nine months ended September 30,**			
	2022		**2023**		**2023**		**2024**	
	RMB	%	*RMB*	%	*RMB*	%	*RMB*	%
					(unaudited)			
	(in thousands, except for percentages)							
SigenStor . . .	–	–	56,174	96.4	4,318	97.6	633,386	90.5
Gateways . .	–	–	1,115	1.9	44	1.0	37,248	5.3
Others*	–	–	1,013	1.7	60	1.4	29,107	4.2
Total	**–**	**–**	**58,302**	**100.0**	**4,422**	**100.0**	**699,741**	**100.0**

**Note:* including primarily standalone EV AC chargers and accessories.

In terms of geographic coverage, we have since our inception formulated a global expansion strategy, with a focus on international markets with significant ESS needs and growth potential. As of September 30, 2024, our sales network spans over 50 countries and regions, with Europe as our largest revenue source. The following table sets out a breakdown of our revenue by geographical locations, in absolute amounts and as a percentage of our total revenue, for the periods indicated.

	Period from May 24, 2022 to December 31,		Year ended December 31,		For the nine months ended September 30,			
	2022		2023		2023		2024	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
					(unaudited)			
	(in thousands, except for percentages)							
Europe	–	–	42,312	72.6	3,519	79.6	455,690	65.1
Africa	–	–	904	1.6	33	0.7	90,414	12.9
APAC	–	–	5,307	9.1	830	18.8	78,541	11.2
Others*	–	–	9,779	16.7	40	0.9	75,096	10.8
Total	**–**	**–**	**58,302**	**100.0**	**4,422**	**100.0**	**699,741**	**100.0**

**Note:* Including Mainland China, Middle East and Central Asia, Latin America and Northern America.

Cost of Sales

Our cost of sales consists of (i) material costs, primarily relating to raw material costs, (ii) employee compensation and benefits, primarily relating to compensation and benefits for our production employees, and (iii) other indirect costs, primarily relating to other manufacturing costs, tariffs, transportation costs, product warranty costs and inventory falling price reserves. The following table sets forth a breakdown of our cost of sales by nature, in absolute amounts and as a percentage of our total cost of sales, for the periods indicated.

	Period from May 24, 2022 to December 31,		Year ended December 31,		For the nine months ended September 30,			
	2022		2023		2023		2024	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
					(unaudited)			
	(in thousands, except for percentages)							
Material costs	–	–	27,138	67.8	2,466	56.8	314,813	80.6
Employee compensation and benefits	–	–	2,493	6.2	610	14.1	13,856	3.6
Other indirect costs	–	–	10,422	26.0	1,263	29.1	61,522	15.8
Total	**–**	**–**	**40,053**	**100.0**	**4,339**	**100.0**	**390,191**	**100.0**

The following table sets forth a breakdown of our cost of sales by product, in absolute amounts and as a percentage of our total cost of sales, for the periods indicated.

	Period from May 24, 2022 to December 31,		Year ended December 31,		For the nine months ended September 30,			
	2022		2023		2023		2024	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
					(unaudited)			
	(in thousands, except for percentages)							
SigenStor	–	–	38,110	95.2	4,249	98.0	349,774	89.6
Gateways	–	–	1,100	2.7	41	0.9	24,172	6.2
Others*	–	–	843	2.1	49	1.1	16,245	4.2
Total	**–**	**–**	**40,053**	**100.0**	**4,339**	**100.0**	**390,191**	**100.0**

**Note:* including primarily standalone EV AC chargers and accessories.

Gross Profit and Gross Profit Margin

As a result of the foregoing, we recorded gross profit of nil, RMB18.2 million, RMB0.1 million, and RMB309.6 million in 2022, 2023, and the nine months ended September 30, 2023 and 2024, respectively, representing gross profit margins of nil, 31.3%, 1.9%, and 44.2%, respectively, during the same periods.

The following table sets forth a breakdown of our gross profit and gross profit margin by product for the periods indicated.

	Period from May 24, 2022 to December 31,		Year ended December 31,		For the nine months ended September 30,			
	2022		2023		2023		2024	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
					(unaudited)			
	(in thousands, except for percentages)							
SigenStor	–	–	18,064	32.2	69	1.6	283,612	44.8
Gateway	–	–	15	1.3	3	6.8	13,076	35.1
Others*	–	–	170	16.8	11	18.3	12,862	44.2
Total	**–**	**–**	**18,249**	**31.3**	**83**	**1.9**	**309,550**	**44.2**

**Note:* including primarily standalone EV AC chargers and accessories.

Other Income and Gains, Net

Our other income consists of (i) interest income from bank deposits, (ii) government grants, comprising subsidies and benefits from local governments in China, typically awarded as in recognition of our contributions to technological development and local economic growth under relevant supportive policies, (iii) technical support services, representing the service fee for one-off technical support services provided to a client, and (iv) waste recycling, primarily income received from selling waste products. Our gains, net consist primarily of foreign exchange gains/(losses), net.

The following table sets forth a breakdown of our income and gains, net for the periods indicated.

	Period from May 24, 2022 to December 31,		Year ended December 31,		For the nine months ended September 30,			
	2022		2023		2023		2024	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
					(unaudited)			
	(in thousands, except for percentages)							
Other income								
Interest income	1,455	107.4	7,222	73.8	5,833	106.8	3,388	23.5
Government grants	–	–	321	3.3	185	3.4	623	4.3
Technical support services	–	–	964	9.9	964	17.7	–	–
Waste recycling	–	–	56	0.6	12	0.2	115	0.8
Others	47	3.5	162	1.7	5	0.1	154	1.1
Total other income	**1,502**	**110.9**	**8,725**	**89.3**	**6,999**	**128.2**	**4,280**	**29.7**
Gains, net								
Foreign exchange gains/(losses), net	–	–	1,544	15.8	(1,257)	(23.0)	10,251	71.0
Others	(148)	(10.9)	(494)	(5.1)	(286)	(5.2)	(99)	(0.7)
Total gains/losses, net	**(148)**	**(10.9)**	**1,050**	**10.7**	**(1,543)**	**(28.2)**	**10,152**	**70.3**
Total other income and gains, net	**1,354**	**100.0**	**9,775**	**100.0**	**5,456**	**100.0**	**14,432**	**100.0**

Selling and Distribution Expenses

Our selling and distribution expenses consist of (i) labor expenses, primarily representing salaries and benefits for our sales personnel, (ii) promotional and marketing expenses, related to marketing, branding and promotional activities such as trade fairs, exhibitions and advertisement placements, (iii) equity-settled share-based payment expenses, (iv) office and travelling expenses, incurred by our sales personnel, (v) storage cost, associated with inventory management and warehousing services, (vi) professional service fee, representing costs associated with management and business consulting services, and other professional services, (vii) depreciation and amortization, and (viii) other miscellaneous selling and distribution expenses, primarily business entertainment expenses.

The following table sets forth a breakdown of our selling and distribution expenses, in absolute amounts and as a percentage of our total selling and distribution expenses, for the periods indicated.

	Period from May 24, 2022 to December 31,		Year ended December 31,		For the nine months ended September 30,			
	2022		2023		2023		2024	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
					(unaudited)			
	(in thousands, except for percentages)							
Labor expenses	136	19.9	29,346	54.9	10,115	44.9	53,421	51.0
Promotional and marketing expenses	151	22.0	8,199	15.3	4,001	17.7	14,076	13.4
Equity-settled share-based payment expenses	69	10.1	5,478	10.3	4,108	18.2	12,208	11.7
Office and travelling expenses	17	2.5	4,642	8.7	1,929	8.5	9,428	9.0
Storage cost	–	–	1,073	2.0	1	–	8,350	8.0
Professional service fee	91	13.3	1,599	3.0	874	3.9	1,823	1.7
Depreciation and amortization	201	29.3	1,637	3.1	958	4.2	1,620	1.5
Other expenses	20	2.9	1,448	2.7	580	2.6	3,766	3.7
Total	**685**	**100.0**	**53,422**	**100.0**	**22,566**	**100.0**	**104,692**	**100.0**

Administrative Expenses

Our administrative expenses consist of (i) labor expenses, primarily representing salaries and benefits for our senior management and administrative staff, (ii) equity-settled share-based payment expenses, (iii) professional service fee, representing costs associated with IT and software services, management and business consulting services, and other professional services, (iv) office and travelling expenses, incurred by our administrative function, (v) depreciation and amortization, and (vi) other miscellaneous administrative expenses, primarily stamp duty and disability employment contribution.

The following table sets forth a breakdown of our administrative expenses, in absolute amounts and as a percentage of our total administrative expenses, for the periods indicated.

	Period from May 24, 2022 to December 31,		Year ended December 31,		For the nine months ended September 30,			
	2022		2023		2023		2024	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
					(unaudited)			
	(in thousands, except for percentages)							
Labor expenses	10,808	21.5	38,632	25.8	32,495	69.5	34,796	69.4
Equity-settled share-based payment expenses	35,228	70.0	95,706	64.0	2,930	6.3	3,898	7.8
Professional service fee	2,208	4.4	4,786	3.2	4,005	8.6	3,211	6.4
Office and travelling expenses	523	1.0	4,352	2.9	3,250	6.9	2,824	5.6
Depreciation and amortization	692	1.4	2,558	1.7	1,672	3.6	2,073	4.1
Other expenses	859	1.7	3,594	2.4	2,418	5.1	3,326	6.7
Total	**50,318**	**100.0**	**149,628**	**100.0**	**46,770**	**100.0**	**50,128**	**100.0**

Research and Development Expenses

Our research and development expenses consist of (i) labor expenses, primarily representing salaries and benefits for our R&D employees, (ii) depreciation and amortization, (iii) equity-settled share-based payment expenses; (iv) material cost, representing raw materials and products consumed during the R&D process, (v) test and inspection expenses, incurred for inspecting and validating our products during development, (vi) office and travelling expenses, incurred by our R&D employees, (vii) professional service fee, representing costs associated with external design services and outsourced processing during the trail production phase, and (viii) other miscellaneous research and development expenses, including courier and logistics costs and handling charges.

The following table sets forth the breakdown of our research and development expenses, in absolute amounts and as a percentage of our total research and development expenses, for the periods indicated.

	Period from May 24, 2022 to December 31,		Year ended December 31,		For the nine months ended September 30,			
	2022		2023		2023		2024	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
					(unaudited)			
	(in thousands, except for percentages)							
Labor expenses	21,017	80.3	122,820	63.6	84,720	63.7	133,354	67.5
Depreciation and amortization	1,554	5.9	13,238	6.9	8,155	6.1	18,502	9.4
Equity-settled share-based payment expenses	1,956	7.5	21,923	11.4	16,442	12.4	17,245	8.7
Material cost	756	2.9	21,494	11.1	16,511	12.4	14,994	7.6
Test and inspection expenses	17	0.1	5,519	2.9	3,325	2.5	6,369	3.2
Office and travelling expenses	433	1.7	3,718	1.9	2,376	1.8	4,019	2.0
Professional service fee	325	1.2	2,070	1.1	295	0.2	1,068	0.5
Other expenses	106	0.4	2,223	1.1	1,190	0.9	2,098	1.1
Total	**26,164**	**100.0**	**193,005**	**100.0**	**133,014**	**100.0**	**197,649**	**100.0**

Finance Costs

Our finance costs consist of interest on lease liabilities and bank borrowings. We recorded finance costs of RMB0.4 million and RMB4.8 million in 2022 and 2023, and RMB2.8 million and RMB8.0 million in the nine months ended September 30, 2023 and 2024, respectively.

Impairment Losses on Financial Assets, Net

Our impairment losses on financial assets, net represent the expected credit losses or reversal of the expected credit losses on our trade receivables and other receivables. For details, see Note 19 and 20 to the Accountants' Report included in Appendix I to this Document. We recorded impairment losses on financial assets, net of RMB7.0 thousand, RMB0.5 million, RMB45.0 thousand and RMB6.1 million in 2022, 2023 and the nine months ended September 30, 2023 and 2024, respectively.

Income Tax Expense

Income tax expense refers to the aggregate amount of taxes incurred in a given period, calculated in accordance with the EIT Law and its corresponding implementation regulations. It consists of current income tax, the tax payable on taxable profits for the current period, and deferred income tax, which arises from temporary differences between the accounting and tax treatment of certain items, recognized in accordance with applicable accounting standards.

We are subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of our Group are domiciled and operate. For details of the applicable tax rates, preferential tax treatments and tax benefits, please see Note 10 to the Accountant's Report included in Appendix I to this Document.

We recorded income tax expense of nil and RMB0.2 million in 2022 and 2023, and nil and RMB10.7 million in the nine months ended September 30, 2023 and 2024, respectively.

During the Track Record Period and as of the Latest Practicable Date, we did not have any disputes or unresolved tax issues with the relevant tax authorities.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Nine Months Ended September 30, 2024 Compared with Nine Months Ended September 30, 2023

Revenue

Our revenue increased from RMB4.4 million in the nine months ended September 30, 2023 to RMB699.7 million during the same period in 2024, primarily driven by sales of our flagship 5-in-1 ESS solution, *SigenStor*. Revenue from *SigenStor* sales increased from RMB4.3 million in the nine months ended September 30, 2023 to RMB633.4 million during the same period in 2024. The total energy capacity sold for *SigenStor* increased from 1.27 MWh in the nine months ended September 30, 2023 to 220 MWh during the same period in 2024, and the average selling price of *SigenStor* decreased from 3.39 RMB/Wh in the nine months ended September 30, 2023 to 2.88 RMB/Wh during the same period in 2024. Additionally, revenue from sales of gateways and other products increased from RMB0.1 million in the nine months ended September 30, 2023 to RMB66.3 million during the same period in 2024.

Geographically, as we rapidly entered and scaled sales across the world, revenue from different regions has experienced significant growth. The Europe market remains the major revenue contributor generating RMB3.5 million and RMB455.7 million in revenue in the nine months ended September 30, 2023 and 2024, respectively. Revenue generated from the Africa market increased significantly, rising from RMB33.0 thousand in the nine months ended September 30, 2023 to RMB90.4 million in the nine months ended September 30, 2024. The APAC market also contributed RMB78.5 million in revenue in the nine months ended September 30, 2024, increasing from RMB0.8 million during the same period in 2023.

Cost of Sales

Our cost of sales increased from RMB4.3 million in the nine months ended September 30, 2023 to RMB390.2 million during the same period in 2024, primarily driven by the increase in material costs of RMB312.3 million, which was in line with our rising product sales.

Gross Profit and Gross Profit Margin

As a result of the foregoing, we recorded gross profit of RMB0.1 million and RMB309.5 million in the nine months ended September 30, 2023 and 2024, respectively. Our gross profit margin was 1.9% and 44.2% in the nine months ended September 30, 2023 and 2024, respectively. The growth in our overall gross profit margin, as well as the margins across our diverse product offerings, was primarily fueled by the rapid expansion of our business scale.

Other Income and Gains, Net

Our other income and gains, net increased from RMB5.5 million in the nine months ended September 30, 2023 to RMB14.4 million during the same period in 2024. This was primarily due to the net exchange gains of RMB10.3 million in the nine months ended September 30, 2024, compared to net exchange losses of RMB1.3 million during the same period in 2023, partially offset by a decrease in interest income of RMB2.4 million due to a decrease in cash and cash equivalents.

Selling and Distribution Expenses

Our selling and distribution expenses increased from RMB22.6 million in the nine months ended September 30, 2023 to RMB104.7 million during the same period in 2024. This was mainly driven by the increases in labor expenses of RMB43.3 million. These rises were attributable mainly to the expansion of our sales team to support our growing operations. Additionally, the increase was attributable to the increase in promotional and marketing expenses of RMB10.1 million as we enhanced our marketing, branding and promotional activities to drive brand awareness and market acceptance.

Administrative Expenses

Our administrative expenses increased from RMB46.8 million in the nine months ended September 30, 2023 to RMB50.1 million during the same period in 2024, mainly driven by the increase in labor expenses of RMB2.3 million. This was attributable primarily to the expansion of our administrative staff to support our growing operations.

Research and Development Expenses

Our research and development expenses increased from RMB133.0 million in the nine months ended September 30, 2023 to RMB197.6 million during the same period in 2024. This was primarily driven by the increases in (i) labor expenses of RMB48.6 million, attributable mainly to the expansion of our R&D team to support our growing operations, and (ii) depreciation and amortization of RMB10.3 million, related to our property, plant and equipment and right-of-use assets.

Finance Costs

Our finance costs increased from RMB2.8 million in the nine months ended September 30, 2023 to RMB8.0 million during the same period in 2024. The was primarily attributed to an increase in interest expenses on bank borrowings of RMB5.2 million in line with the expansion of our business scale.

Impairment Losses on Financial Assets, Net

We recorded impairment losses on financial assets, net of RMB45.0 thousand and RMB6.1 million in the nine months ended September 30, 2023 and 2024, respectively. The increase in impairment losses on financial assets over time was generally in line with the expansion of our business scale.

Income Tax Expense

We recorded income tax expense of nil and RMB10.7 million in the nine months ended September 30, 2023 and 2024. primarily as certain of our subsidiaries began recording profit.

Loss for the Period

As a result of the foregoing, our loss for the period decreased by 73.2% from RMB199.6 million in the nine months ended September 30, 2023 to RMB53.4 million during the same period in 2024.

Year ended December 31, 2023 Compared with Year ended December 31, 2022

Revenue

As we did not commence large-scale commercial production and sales in 2022, no revenue was recorded in 2022. In 2023, we generated revenue of RMB58.3 million, primarily driven by sales of our flagship 5-in-1 ESS solution, *SigenStor*. Revenue from *SigenStor* sales totaled RMB56.2 million in 2023, with a total energy capacity of 18 MWh sold and an average selling price of 3.17 RMB/Wh. Additionally, we generated RMB2.1 million from the sale of gateways and other products.

Geographically, the majority of our revenue in 2023 was generated from the Europe market, totaling RMB42.3 million. The APAC region was our second largest market in 2023, contributing RMB5.3 million to our total revenue.

Cost of Sales

As we did not commence large-scale commercial production and sales in 2022, no cost of sales was recorded in 2022. In 2023, our cost of sales totaled RMB40.1 million, primarily consisting of (i) material costs of RMB27.1 million, primarily relating to raw material costs for our products, and (ii) other indirect costs of RMB10.4 million, primarily relating to other manufacturing costs and transportation costs, both of which were generally in line with our business expansion and revenue growth.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit was RMB18.2 million in 2023, representing a gross profit margin of 31.3%. The gross profit margin for *SigenStor*, which was the most significant contributor to our revenue during the Track Record Period, was 32.2% in 2023.

Other Income and Gains, Net

Our other income and gains, net increased from RMB1.4 million in 2022 to RMB9.8 million in 2023. This was primarily due to an increase in interest income from bank deposits of RMB5.8 million as we received additional funds from our Pre-[**REDACTED**] Investments. For details, see "History, development and corporate structure — Pre-[**REDACTED**] Investments."

Selling and Distribution Expenses

Our selling and distribution expenses increased from RMB0.7 million in 2022 to RMB53.4 million in 2023, generally in line with our rapid business expansion. Specifically, the increase in our selling and distribution expenses was primarily driven by the increases in labor expenses of RMB29.2 million. These rises were attributable mainly to the expansion of our sales team to support our growing operations, as well as increased compensation levels for our sales personnel.

Administrative Expenses

Our administrative expenses increased from RMB50.3 million in 2022 to RMB149.6 million in 2023, generally in line with our rapid business expansion. Specifically, the increase in our administrative expenses was primarily driven by the increases in (i) equity-settled share-based payment expenses of RMB60.5 million, primarily in relation to share subscriptions by certain of our Directors concurrent with our Pre-[**REDACTED**] Investments, and (ii) labor expenses of RMB27.8 million, which was attributable primarily to the expansion of our administrative staff to support our growing operations.

Research and Development Expenses

Our research and development expenses increased from RMB26.2 million in 2022 to RMB193.0 million in 2023. Specifically, the increase in our research and development expenses was primarily driven by the increase in labor expenses of RMB101.8 million, attributable mainly to the expansion of our R&D team to support our growing operations. Additionally, the increase was also attributable to the increases in (i) material cost of RMB20.7 million as we progressed from the development and design phase to the trial production phase, (ii) equity-settled share-based payment expenses of RMB20.0 million, primarily relating to issuances under our Pre-[**REDACTED**] Employee Incentive Scheme, and (iii) depreciation and amortization of RMB11.7 million, related to our property, plant and equipment and right-of-use assets.

Finance Costs

Our finance costs increased from RMB0.4 million in 2022 to RMB4.8 million in 2023. This was primarily due to (i) increase in interest on bank borrowings of RMB2.4 million as we secured additional bank loans, (ii) increase in interest on lease liabilities of RMB2.0 million, attributable to our expanding leased space.

Impairment Losses on Financial Assets, Net

We recorded impairment losses on financial assets, net of RMB7.0 thousand in 2022, compared to impairment losses on financial assets, net of RMB0.5 million in 2023, which was in line with our increased trade receivables as we did not commence large-scale commercial production and sales in 2022.

Income Tax Expense

We recorded income tax expense of nil in 2022 and RMB0.2 million in 2023.

Loss for the Year/Period

As a result of the foregoing, our loss for the year/period was RMB373.5 million in 2023, compared to RMB76.2 million in 2022.

DISCUSSION OF CERTAIN KEY ITEMS FROM OUR CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The table below sets forth selected information from our consolidated statements of financial position as of the dates indicated, which has been extracted from our consolidated financial statements included in Appendix I to this Document.

	As of December 31,		As of September 30,
	2022	2023	2024
			(Unaudited)
		(RMB in thousands)	
Total non-current assets	35,061	145,744	143,136
Total current assets	366,245	510,235	1,015,866
Total assets	**401,306**	**655,979**	**1,159,002**
Total non-current liabilities	17,251	34,777	41,242
Total current liabilities	19,460	357,397	702,319
Total liabilities	**36,711**	**392,174**	**743,561**
Net assets	**364,595**	**263,805**	**415,441**
Total equity	**364,595**	**263,805**	**415,441**

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

	As of December 31,		As of September 30,	As of January 31,
	2022	2023	2024	2025
			(unaudited)	
	(RMB in thousands)			
Current assets				
Inventories	1,532	189,455	423,990	519,315
Trade and bills receivables	–	20,261	162,276	398,273
Prepayments, other receivables and other assets	9,068	63,509	129,269	211,996
Pledged deposits	–	57	543	3,872
Tax receivable	–	–	–	5,318
Derivative financial instruments	–	–	–	112
Restricted cash	–	79	182	103
Cash and bank balances	355,645	236,874	299,606	379,051
Total current assets	**366,245**	**510,235**	**1,015,866**	**1,518,040**
Current liabilities				
Trade payables	276	75,861	188,090	495,361
Other payables and accruals	13,715	55,244	113,666	85,999
Lease liabilities	5,469	15,419	18,326	19,606
Contract liabilities	–	8,706	43,665	68,108
Interest-bearing bank borrowings	–	202,001	334,176	357,489
Derivative financial instruments	–	–	2	68
Tax payables	–	166	4,394	9,200
Total current liabilities	**19,460**	**357,397**	**702,319**	**1,035,831**
Net current assets	**346,785**	**152,838**	**313,547**	**482,209**

Our net current assets increased from RMB313.5 million as of September 30, 2024 to RMB482.2 million as of January 31, 2025, primarily due to the increase in (i) trade and bills receivables of RMB236.0 million, (ii) inventories of RMB95.3 million, (iii) prepayments, other receivables and other assets of RMB82.7 million, and (iv) cash and bank balances of RMB79.4 million, partially offset by the increase in trade payables of RMB307.3 million.

Our net current assets increased from RMB152.8 million as of December 31, 2023 to RMB313.5 million as of September 30, 2024, primarily due to the increases in (i) inventories of RMB234.5 million, and (ii) trade and bills receivables of RMB142.0 million, partially offset by the increases in (i) interest-bearing bank borrowings of RMB132.2 million and (ii) trade payables of RMB112.2 million.

Our net current assets decreased from RMB346.8 million as of December 31, 2022 to RMB152.8 million as of December 31, 2023, primarily due to (i) an increase in interest-bearing bank borrowings of RMB202.0 million, and (ii) a decrease in cash and bank balances of RMB118.8 million, partially offset by an increase in inventories of RMB187.9 million.

Inventories

Our inventories consist of (i) raw materials, such as battery cells, microcontrollers, and other electronic components used in manufacturing our products, (ii) work in progress, representing semi-finished products, and (iii) finished goods.

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

	As of December 31,		As of September 30,
	2022	2023	2024
			(unaudited)
	(RMB in thousands)		
Finished goods	–	78,355	288,355
Raw materials	1,532	80,634	93,318
Work in progress	–	30,466	42,316
Total	**1,532**	**189,455**	**423,990**

Our inventories increased from RMB1.5 million as of December 31, 2022 to RMB189.5 million as of December 31, 2023, and further to RMB424.0 million as of September 30, 2024, which was generally in line with our business expansion over time.

We believe that by maintaining optimal inventory levels, we can effectively meet customer demand and uphold their satisfaction without compromising our liquidity. To support this, we have implemented a set of inventory management policies and procedures. For further information, see "Business — Warehousing, Logistics and Inventory Management."

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

	As of December 31,		As of September 30,
	2022	2023	2024
			(unaudited)
		(RMB in thousands)	
Within 1 year	1,532	189,454	423,385
Over 1 year	–	1	1,462
Provision for impairment of inventories	–	–	(857)
Total	**1,532**	**189,455**	**423,990**

The following table sets forth our inventories turnover days for the periods indicated.

	For the year/period ended December 31,		For the nine months September 30,
	2022	2023	2024
			(unaudited)
		(days)	
Inventories turnover days(1)	–	858	212

Note:

(1) Inventories turnover days are based on the average balance of inventories divided by cost of sales for the relevant period and multiplied by the number of days in the relevant period. Average balance is calculated as the average of the beginning balance and ending balance of a given period. The number of days for the years ended December 31 is 360 days, and the number of days for the nine months ended September 30, 2024 is 270 days.

Our inventory turnover days was nil in 2022 as we did not commence large-scale commercial production and sales in that year. Our inventories turnover days were 858 days and 212 days in 2023 and the nine months ended September 30, 2024, respectively, primarily as we experienced exponential growth in sales of our products as we rapidly expand our business scale and developed past our initial ramp-up stage, as well as stocking of inventory to fulfill the rapid increase in order volume. As we only began commercial sales of our products in May 2023, we did not record sales to calculate inventory turnover days over a full 360-day period for 2023, and accordingly we believe that our inventory turnover days for 2023 is not a meaningful financial indicator for such year.

As of January 31, 2025, RMB169.0 million, or 39.8% of our inventories outstanding as of September 30, 2024 had been subsequently sold or utilized.

Trade and Bills Receivables

Our trade and bill receivables primarily represent outstanding amounts due from customers for products where control has been transferred. Generally, customers settle payments upfront or may be granted credit terms, on a case-by-case basis.

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

	As of December 31,		As of September 30,
	2022	2023	2024
			(unaudited)
		(RMB in thousands)	
Bills receivable	–	–	357
Trade receivables	–	20,703	168,472
Less: Impairment	–	(442)	(6,553)
Net carrying amount	**–**	**20,261**	**162,276**

The net carrying amount of our trade and bill receivables increased from nil as of December 31, 2022, to RMB20.3 million as of December 31, 2023, and further to RMB162.3 million as of September 30, 2024. This increase was primarily attributable to, and generally aligned with, the growth in our sales volume.

We maintain strict control over our outstanding trade receivables through proactive measures. Payment reminders are sent to customers with overdue balances, and new orders may be declined for those with unsettled payments. Additionally, we provide periodic reports on outstanding trade receivables to our senior management for oversight. For details of our loss allowance for impairment of trade receivables, see Note 19 to the Accountant's Report included in Appendix I to this Document.

The following table sets forth an aging analysis of our trade receivables, based on the past due information and net of loss allowance, as of the dates indicated.

	As of December 31,		As of September 30,
	2022	2023	2024
			(unaudited)
		(RMB in thousands)	
Current	–	19,436	110,515
Within 3 months	–	754	41,603
3 to 6 months	–	71	5,105
6 to 9 months	–	–	4,377
9 months to 1 year	–	–	319
Total	**–**	**20,261**	**161,919**

The following table sets forth our trade and bills receivables turnover days during the years and periods indicated.

	Period from May 24, 2022 to December 31,	Year ended December 31,	For the nine months ended September 30,
	2022	2023	2024
			(unaudited)
		(days)	
Trade and bills receivables turnover days[(1)]	–	63	35

Note:

(1) Trade and bills receivables turnover days are based on the average balance of trade and bills receivables divided by our revenue for the relevant period and multiplied by the number of days in the relevant period. Average balance is calculated as the average of the beginning balance and ending balance of a given period. The number of days for the years ended December 31 is 360 days, and the number of days for the nine months ended September 30, 2024 is 270 days.

Our trade and bills receivables turnover days was nil in 2022 as we did not commence large-scale commercial production and sales in that year. Our trade and bills receivables turnover days were 63 days and 35 days in 2023 and the nine months ended September 30, 2024, respectively, primarily as we only began commercial sales in May 2023, therefore we did not record sales to calculate trade and bills receivables turnover days over a full 360-day period for 2023, and accordingly we believe that our trade and bills receivables turnover days for 2023 is not a meaningful financial indicator for such year.

As of January 31, 2025, RMB163.3 million, or 96.7% of our trade and bills receivables outstanding as of September 30, 2024 had been subsequently settled.

Prepayments, Other Receivables and Other Assets

Prepayments, other receivables and other assets consist of (i) value-added tax ("VAT") recoverable, representing the deductible difference between output VAT payable and input VAT payable under applicable PRC tax laws, (ii) prepayments, made for purchase orders where payment has been completed but the corresponding material or services have not yet been delivered, (iii) deposits, primarily comprising lease deposits, (iv) prepayments to long-term assets, such as production equipment and R&D equipment, and (v) others.

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

	As of December 31,		As of September 30,
	2022	2023	2024
			(unaudited)
		(RMB in thousands)	
Current:			
Value-added tax recoverable	2,130	48,989	97,931
Prepayment	4,642	6,584	21,049
Deposits	2,094	7,465	8,898
Others	209	536	1,453
	9,075	63,574	129,331
Impairment allowance(1)	(7)	(65)	(62)
Subtotal	9,068	63,509	129,269
Non-current:			
Prepayment to long-term assets	–	1,428	1,643
Total	**9,068**	**64,937**	**130,912**

Note:

(1) Impairment allowance primarily relates to impairment allowances for deposits receivable from suppliers.

Our prepayments, other receivables and other assets increased from RMB9.1 million as of December 31, 2022 to RMB64.9 million as of December 31, 2023, and further to RMB130.9 million as of September 30, 2024, primarily due to the continued increase in VAT recoverable. This was mainly driven by rapid business expansion, resulting in higher deductible input VAT on raw material purchases, while output VAT on overseas sales of goods is exempt under relevant PRC tax laws. Additionally, the increase in our prepayments, other receivables and other assets as of September 30, 2024 was attributable to the increase in prepayment of RMB14.4 million in relation to prepayments for purchase orders, in line with our increase in sales volume with corresponding prepayment terms.

As of January 31, 2025, RMB14.1 million, or 10.8% of our prepayments, other receivables and other assets outstanding as of September 30, 2024 had been subsequently settled.

Cash and Bank Balances

We had cash and bank balances of RMB355.6 million, RMB236.9 million and RMB299.6 million as of December 31, 2022, 2023 and September 30, 2024, respectively. See "— Liquidity and Capital Resources — Cash Flow Analysis."

Property, Plant and Equipment

Our property, plant and equipment consist of plant and machinery, leasehold improvements, other equipment, furniture and office equipment, motor vehicles, and construction in progress.

The following sets forth a breakdown of our property, plant and equipment as of the dates indicated.

	As of December 31,		As of September 30,
	2022	2023	2024
			(unaudited)
	(RMB in thousands)		
Plant and machinery	3,970	61,607	65,971
Leasehold improvements	6,261	24,770	19,571
Furniture and office equipment	1,399	3,949	4,524
Other equipment	35	7,860	9,190
Motor vehicles	–	333	257
Construction in progress	–	143	409
Total	**11,665**	**98,662**	**99,922**

The net carrying amount of our property, plant and equipment amounted to RMB11.7 million, RMB98.7 million and RMB99.9 million as of December 31, 2022 and 2023 and September 30, 2024, respectively. The increase in the net carrying amount of our property, plant and equipment over time was primarily driven by the expansion of our production capacity to support our business growth.

Right-of-Use Assets

Our right-of-use assets primarily comprise leased office spaces and manufacturing facilities. Our right-of-use assets increased from RMB22.9 million as of December 31, 2022 to RMB44.5 million as of December 31, 2023, primarily driven by the addition of new leased office spaces and subscriptions to enterprise management software. Our right-of-use assets subsequently decreased to RMB40.3 million as of September 30, 2024, mainly due to depreciation of our leased office spaces.

Trade Payables

Our trade payables primarily reflect amounts owed to suppliers of raw materials and other product and service providers. Our trade payables increased from RMB0.3 million as of December 31, 2022 to RMB75.9 million as of December 31, 2023, and further to RMB188.1 million as of September 30, 2024. This growth was primarily driven by increased procurement of raw materials to support the scaling of our production operations.

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

	As of December 31,		As of September 30,
	2022	2023	2024
			(unaudited)
		(RMB in thousands)	
Within 1 year	276	75,848	187,916
1 to 2 years	–	13	174
Total	**276**	**75,861**	**188,090**

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

	Period from May 24, 2022 to December 31,	Year ended December 31,	For the nine months ended September 30,
	2022	2023	2024
			(unaudited)
		(days)	
Trade payables turnover days(1)	–	342	91

Note:

(1) Trade and bills payables turnover days are based on the average balance of trade payables divided by cost of sales for the relevant period and multiplied by the number of days in the relevant period. Average balance is calculated as the average of the beginning balance and ending balance of a given period. The number of days for the years ended December 31 is 360 days, and the number of days for the nine months ended September 30, 2024 is 270 days.

Our trade payables turnover days was nil in 2022 as we did not commence large-scale commercial production and sales in that year. Our trade payables turnover days were 342 days and 91 days in 2023 and the nine months ended September 30, 2024, respectively, reflecting the credit treatment by suppliers for the respective periods. The decrease in our trade payables turnover days was primarily as we only began commercial sales of our products in May 2023 and rapidly ramped up sales and corresponding cost of sales over the remaining period of 2023. Accordingly, we did not record sales to calculate trade and bills payables turnover days over a full 360-day period for 2023, therefore we believe that our trade and bills payables turnover days for 2023 is not a meaningful financial indicator for such year.

As of January 31, 2025, RMB181.0 million, or 96.2% of our trade payables outstanding as of September 30, 2024 had been subsequently settled.

Other Payables and Accruals

Our other payables and accruals include (i) salaries and benefits payables related to employee compensation, (ii) accrued expenses, (iii) payables for property, plant and equipment, (iv) tax payable other than income tax, (v) unrecognized government subsidies, in relation to conditional government subsidies granted to support our operating activities, and (vi) others, primarily service expenses and reimbursement payments.

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

	As of December 31,		As of September 30,
	2022	2023	2024
			(unaudited)
		(RMB in thousands)	
Salaries and benefits payables	9,388	35,050	51,240
Accrued expenses	2,413	7,983	16,590
Payables for property, plant and equipment	1,198	9,211	10,392
Tax payable other than income tax	587	1,304	27,805
Government grants	–	500	7,100
Others	129	1,196	539
Total	**13,715**	**55,244**	**113,666**

Our other payables and accruals increased from RMB13.7 million as of December 31, 2022 to RMB55.2 million as of December 31, 2023. This increase was primarily due to the increases in (i) salaries and benefits payable of RMB25.7 million, driven by the expansion of our workforce to support our growing operations, and (ii) payables for property, plant and equipment of RMB8.0 million relating to investments in properties, plants and production equipment as we entered mass production in 2023.

Our other payables and accruals further increased to RMB113.7 million as of September 30, 2024. This increase was primarily due to the increases in (i) tax payable other than income tax of RMB26.5 million, primarily consisting of output VAT, in line with our increase in sales, (ii) salaries and benefits payables of RMB16.1 million, driven by the expansion of our workforce to support our growing operations, and (iii) accrued expenses of RMB8.6 million, primarily consisting of warehousing expenses as we continued to expand our business scale.

As of January 31, 2025, RMB89.3 million, or 78.5% of our other payables and accruals outstanding as of September 30, 2024 had been subsequently settled.

Lease Liabilities

Our lease liabilities pertain to payment obligations for properties leased primarily as our offices and manufacturing facilities. The carrying amount of our lease liabilities amounted to RMB22.7 million, RMB47.5 million and RMB45.1 million as of December 31, 2022 and 2023 and September 30, 2024, respectively.

Contract Liabilities

Our contract liabilities consist of (i) short-term advances received from customers of revenue recognition for goods sold, and (ii) provisions for sales rebates certain distributor customers, calculated in accordance with the terms of distribution agreements.

The following table sets forth the details of our contract liabilities as of the dates indicated.

	As of December 31,		As of September 30,
	2022	2023	2024
			(unaudited)
		(RMB in thousands)	
Short-term advances received from customers:			
Sales of goods	–	7,940	14,272
Sales rebates	–	766	29,393
Total	**–**	**8,706**	**43,665**

Our contract liabilities increased from nil as of December 31, 2022 to RMB8.7 million as of December 31, 2023, and further to RMB43.7 million as of September 30, 2024. This increase was primarily attributable to the increase in short-term advances received from customers and provisions for sales rebates, and generally aligned with the growth in our sales volume.

As of January 31, 2025, RMB14.9 million, or 34.1% of contract liabilities outstanding as of September 30, 2024 had been subsequently settled.

Interest-bearing Bank Borrowings

Our interest-bearing bank borrowings represent bank loans from commercial banks in China, which are used for plant construction, equipment purchases, and working capital. Our interest-bearing bank borrowings increased from nil as of December 31, 2022 to RMB203.5 million as of December 31, 2023, and further to RMB334.2 million as of September 30, 2024, mainly to fund the rapid expansion of our business operations.

Tax Payables

We recorded tax payables of nil, RMB0.2 million and RMB4.4 million as of December 31, 2022, 2023 and September 30, 2024, respectively.

LIQUIDITY AND CAPITAL RESOURCES

We have historically funded our cash requirements mainly from cash generated from cash generated from our business operations, shareholder contributions and bank loans. After the [**REDACTED**], we intend to finance our future capital requirements through cash generated from our business operations and the net [**REDACTED**] from the [**REDACTED**]. We currently do not anticipate any changes to the availability of financing to fund our operations in the near future. We had cash and cash equivalents of RMB354.7 million, RMB233.3 million, and RMB293.7 million as of December 31, 2022, 2023 and September 30, 2024, respectively.

Cash Flow Analysis

The following table sets forth our cash flows for the periods indicated.

	Period from May 24, 2022 to December 31,	Year ended December 31,	For the nine months ended September 30,	
	2022	**2023**	**2023**	**2024**
			(unaudited)	
	(RMB in thousands)			
Operating cash flows before movements in working capital	(37,568)	(234,077)	(166,657)	24,987
Changes in working capital	996	(140,277)	(105,966)	(219,579)
Income tax paid	–	–	–	(6,517)
Interest received	469	4,640	4,038	1,061
Net cash flows used in operating activities	(36,103)	(369,714)	(268,585)	(200,048)
Net cash flows used in investing activities	(11,416)	(92,995)	(63,755)	(23,568)
Net cash flows from financing activities	402,178	341,356	292,883	281,500
Net increase/(decrease) in cash and cash equivalents	**354,659**	**(121,353)**	**(39,457)**	**57,884**
Cash and cash equivalents at the beginning of the year/period	–	354,659	354,659	233,306
Effect of foreign exchange differences (net)	–	–	–	2,521
Cash and cash equivalents at the end of the year/period	**354,659**	**233,306**	**315,202**	**293,711**

Net Cash Flows Used in Operating Activities

Net cash flows used in operating activities in the nine ended September 30, 2024 was RMB200.0 million, which primarily consists of loss before tax of RMB42.6 million, adjusted for certain non-cash and non-operating items. Adjustments for such non-cash and non-operating items primarily include (i) share-based payments expenses of RMB34.0 million, (ii) depreciation of items of property, plant and equipment of RMB20.3 million, and (iii) depreciation of right-of-use assets of RMB9.4 million. The amount was further adjusted by changes in working capital, primarily including (i) an increase in inventories of RMB235.4 million, and (ii) an increase in trade and bills receivables of RMB148.7 million, partially offset by an increase in trade payables of RMB112.2 million.

Net cash flows used in operating activities in 2023 was RMB369.7 million, which primarily consists of loss before tax of RMB373.3 million, adjusted for certain non-cash and non-operating items. Adjustments for such non-cash and non-operating items primarily include (i) share-based payments expenses of RMB124.0 million, (ii) depreciation of items of property, plant and equipment of RMB10.1 million, and (iii) depreciation of right-of-use assets of RMB8.5 million. The amount was further adjusted by changes in working capital, primarily including (i) an increase in inventories of RMB187.9 million, and (ii) an increase in prepayments, other receivables and other assets of RMB50.6 million, partially offset by an increase in trade payables of RMB75.6 million.

Net cash flows used in operating activities in 2022 was RMB36.1 million, which consists primarily of loss before tax of RMB76.2 million, adjusted for certain non-cash and non-operating items. Adjustments for such non-cash and non-operating items primarily include (i) share-based payments expenses of RMB37.3 million, and (ii) depreciation of right-of-use assets of RMB2.0 million. The amount was further adjusted by changes in working capital, primarily including (i) an increase in other payables and accruals of RMB12.5 million, partially offset by an increase in prepayments, other receivables and other assets of RMB10.3 million.

Net Cash Flows Used in Investing Activities

Net cash flows used in investing activities in the nine months ended September 30, 2024 was RMB23.6 million, which consists primarily of (i) purchase of items of property, plant and equipment of RMB22.8 million, and (ii) placement of restricted cash of RMB13.9 million.

Net cash flows used in investing activities in 2023 was RMB93.0 million, which consists primarily of (i) purchase of items of property, plant and equipment of RMB92.2 million, and (ii) placement of restricted cash of RMB54.1 million.

Net cash flows used in investing activities in 2022 was RMB11.4 million, which consists primarily of (i) purchase of items of property, plant and equipment of RMB10.9 million, and (ii) purchase of other intangible assets of RMB0.5 million.

Net Cash Flows Generated from Financing Activities

Net cash flows generated from financing activities in the nine months ended September 30, 2024 was RMB281.5 million, which consists primarily of (i) new bank borrowings of RMB246.6 million, and (ii) capital contribution from shareholders of RMB168.3 million.

Net cash flows generated from financing activities in 2023 was RMB341.4 million, which consists primarily of (i) new bank borrowings of RMB203.3 million, and (ii) capital contribution from shareholders of RMB150.0 million.

Net cash flows generated from financing activities in 2022 was RMB402.2 million, which consists primarily of capital contribution from shareholders of RMB403.5 million.

INDEBTEDNESS

The following table sets forth our indebtedness as of the dates indicated.

	As of December 31,		As of September 30,	As of January 31,
	2022	2023	2024	2025
			(unaudited)	
	(RMB in thousands)			
Current				
Interest-bearing bank borrowing	–	202,001	334,176	357,489
Lease liabilities	5,469	15,419	18,326	19,606
Non-current				
Interest-bearing bank borrowing	–	1,500	–	–
Lease liabilities	17,251	32,043	26,725	26,256
Total	**22,720**	**250,963**	**379,227**	**403,351**

For details of our interest-bearing bank borrowings and lease liabilities during the Track Record Period, see "— Discussion of Certain Key Items from Our Consolidated Statements of Financial Position." During the Track Record Period and up to the date of this Document, we did not have any material contingent liabilities.

Our Directors confirm that as of the Latest Practicable Date, the agreements under our borrowings did not contain any covenants that would have a material and adverse effect on our ability to obtain additional borrowings or issue debt or equity securities in the future. Our Directors further confirm that we had no defaults in bank borrowings, nor did we breach any covenants (that were not waived) during the Track Record Period and up to the Latest

Practicable Date. Additionally, our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, we did not experience any material difficulties in obtaining credit facilities, nor any withdrawal of facilities or requests for early repayment.

Except as otherwise disclosed under the sections titled "— Indebtedness" and "— Contractual Obligations," as of January 31, 2025, being the latest practicable date for determining our indebtedness, we did not have any material bank overdrafts, loans, or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, other recognized lease liabilities, guarantees, or other material contingent liabilities. Our Directors confirm that there have been no material changes in our indebtedness since the Latest Practicable Date and up to the date of this Document.

CAPITAL EXPENDITURES

Our historical capital expenditures primarily included purchases of property, plant and equipment and intangible assets such as software. The following table sets forth our capital expenditures for the periods indicated.

	Period from May 24, 2022 to December 31,	Year ended December 31,	For the nine months ended September 30,	
	2022	2023	2023	2024
			(unaudited)	
	(RMB in thousands)			
Purchases of items of property, plant and equipment	10,902	92,157	63,217	22,836
Purchases of intangible assets	514	759	468	156
Total	**11,416**	**92,916**	**63,685**	**22,992**

We will continue to make capital expenditures to support the expected growth of our business and our expansion plans. For details, see "Future Plans and Use of [**REDACTED**] — Use of [**REDACTED**]." We intend to fund these future capital expenditures with financial resources available to us, including our existing cash and bank balances, cash flows generated from our operating activities and net [**REDACTED**] from the [**REDACTED**].

CONTRACTUAL OBLIGATIONS

Our contractual commitments relate to property, plant and equipment and lease contracts that have not yet commenced. Our contractual commitments increased from RMB34.3 million as of December 31, 2022 to RMB40.1 million as of December 31, 2023, and further increased to RMB43.4 million as of September 30, 2024, which was in line with our business expansion.

KEY FINANCIAL RATIOS

	Period from May 24, 2022 to December 31,	Year ended December 31,	For the nine months ended September 30,
	2022	2023	2024
Current ratio(1)	18.8	1.4	1.4
Quick ratio(2)	18.7	0.9	0.8
Debt to asset ratio(3)	9.1%	59.8%	64.2%
Gross margin(4)	–	31.3%	44.2%

Notes:

(1) Current ratio is calculated as the total current assets divided by the total current liabilities as at the end of the respective year/period.

(2) Quick ratio is calculated as total current assets less inventories divided by the total current liabilities as at the end of the respective year/period.

(3) Debt to asset ratio is calculated as the total liabilities divided by the total assets as at the end of the respective year/period, multiplied by 100%.

(4) Gross margin is calculated as the gross profit for the year/period divided by revenue for the year/period, multiplied by 100%.

For a detailed discussion on the historical changes of these key financial ratios, see "— Period-to-Period Comparison of Results of Operations" and "— Discussion of Certain Key Items From our Consolidated Statements of Financial Position."

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. For details of our related party transactions, see Note 32 to the Accountants' Report included in Appendix I to this Document.

Our Directors are of the view that each of the related party transactions set out in Note 32 to the Accountants' Report included in Appendix I to this Document was conducted in the ordinary course of business on an arm's length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our track record results or cause our historical results to become non-reflective of our future performance.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative contracts that are indexed to our shares and classified as Shareholder's equity or that are not reflected in our consolidated financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or product development services with us.

FINANCIAL RISKS DISCLOSURE

We are exposed to a variety of financial risks, including interest rate risk, foreign currency risk, credit risk and liquidity risk. Details of the risk to which we are exposed are set out in Note 35 of the Accountants' Report in Appendix I to this document.

DIVIDENDS

No dividend was paid or declared by us or any of our subsidiaries since our incorporation. As of the Latest Practicable Date, we did not have a formal dividend policy or a fixed dividend distribution ratio. PRC laws require that dividends be paid only out of our distributable profits. Distributable profits are our after-tax profits, less appropriations to statutory and other reserves that we are required to make. Pursuant to our Articles of Association, our Board may declare dividends in the future after taking into account our results of operations, financial conditions, cash requirements and availability, and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, applicable PRC laws and approval by our Shareholders. After the [**REDACTED**], we may declare and pay dividends mainly by cash or by stock that we consider appropriate. Decisions to declare or to pay any dividends in the future will depend on, among other things, our Company's profitability, operations and development plans, external financing environment, costs of capital, our Company's cash flows, and other factors that our Directors may consider relevant. Our ability to distribute dividends in the future also depends on whether we can receive dividends from our subsidiaries.

WORKING CAPITAL SUFFICIENCY

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

DISTRIBUTABLE RESERVES

As of September 30, 2024, our reserves were RMB201.1 million, which represented our capital reserve and accumulated losses as of the same date.

[REDACTED] EXPENSES

Our [**REDACTED**] expenses mainly include (i) [**REDACTED**], such as [**REDACTED**] fees and [**REDACTED**], and (ii) non-[**REDACTED**]-related expenses, comprising professional fees paid to our legal advisers and reporting accountants for their services rendered in relation to the [**REDACTED**] and the [**REDACTED**], and other fees and expenses. Assuming full payment of the discretionary incentive fee, the estimated total [**REDACTED**] expenses (based on the mid-point of the [**REDACTED**] and assuming that the [**REDACTED**] is not exercised) for the [**REDACTED**] are approximately HK$[**REDACTED**], accounting for approximately [**REDACTED**]% of our gross [**REDACTED**]. Among such estimated total [**REDACTED**] expenses, we expect to pay [**REDACTED**] expenses of HK$[**REDACTED**], professional fees for our legal advisers and reporting accountants of HK$[**REDACTED**] and other fees and expenses of HK$[**REDACTED**]. An estimated amount of HK$[**REDACTED**] for our [**REDACTED**] expenses, accounting for approximately [**REDACTED**]% of our gross [**REDACTED**], is expected to be expensed through the statement of profit or loss and an estimated amount of HK$[**REDACTED**] is expected to be recognized directly as a deduction from equity upon the [**REDACTED**]. We did not recognize any [**REDACTED**] expenses in 2022 and 2023 and the nine months ended September 30, 2024 in our consolidated statements of profit or loss and other comprehensive income.

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, up to the date of the Document, there had been no material adverse change in our financial, operational or trading position, indebtedness, contingent liabilities or prospects since September 30, 2024, being the end date of the periods reported on in the Accountants' Report set out in Appendix I to this Document, and there had been no event since September 30, 2024 and up to the date of this Document, that would materially affect the information shown in the Accountants' Report set out in Appendix I to this Document.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, except for the amounts due from related parties as disclosed in this section, as of the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

UNAUDITED [REDACTED] ADJUSTED NET TANGIBLE ASSETS

The following unaudited [**REDACTED**] adjusted consolidated net tangible assets attributable to the owners of our Company has been prepared in accordance with Rule 4.29 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants to illustrate the effect of the [**REDACTED**] on our consolidated net tangible assets attributable to owners of our Company as at September 30, 2024 as if the [**REDACTED**] had taken place on September 30, 2024.

The unaudited [**REDACTED**] statement of adjusted consolidated net tangible assets attributable to owners of our Company has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of our Group as at September 30, 2024 or any future dates following the [**REDACTED**].

[**REDACTED**]

FUTURE PLANS

See the section headed "Business — Our Growth Strategies" for a detailed description of our future plans.

USE OF [REDACTED]

The table below sets forth the estimated net [**REDACTED**] of the [**REDACTED**] which we will receive after deduction of [**REDACTED**] fees and [**REDACTED**] and estimated expenses payable by us in connection with the [**REDACTED**] (assuming the [**REDACTED**] is not exercised):

Assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the low end of the [**REDACTED**] stated in this Document)	HK$[**REDACTED**]
Assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the [**REDACTED**] stated in this Document)	HK$[**REDACTED**]
Assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the high end of the [**REDACTED**] stated in this Document)	HK$[**REDACTED**]

We intend to use the net [**REDACTED**] as follows (based on the mid-point of the [**REDACTED**] stated in this Document):

- approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to further grow our R&D team and upgrade our R&D equipment and technologies, including:

  (i) approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to expand our R&D team, across hardware and software research areas including photovoltaic energy storage and charging technologies. We plan to hire approximately 100 to 200 new R&D employees each year between 2025 and 2028; and

  (ii) approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for enhancing our equipment and technologies used in product R&D and design, product verification, and product testing. Specifically:

    ○ for product R&D and design, we plan to introduce advanced computer-aided design (CAD) and simulation software and install high-performance computing equipment and professional design tools to achieve more accurate and efficient product design;

    ○ for product verification, we plan to acquire high-precision testing instruments and equipment, such as battery performance testers and EMS verification equipment for more complex and comprehensive product verification capabilities;

  - ○ for product testing, we plan to expand our testing facilities with additional types of testing equipment to increase the number of products we can test simultaneously, while introducing advanced automated testing systems to improve testing efficiency and accuracy; and

  - ○ we will also strengthen our investment in environmental simulation test equipment, which can simulate various extreme climatic and working conditions and conduct all-round performance tests on products;

- approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to strengthen our marketing and after-sales services to drive expansion of our global customer base and business coverage. In the past few years, the ESS industry had witnessed a significant growth, with global ESS annual shipments increasing from 8.9 GWh in 2019 to 149.1 GWh in 2023, at a CAGR of 102.2%, according to Frost & Sullivan. Furthermore, the growth in distributed ESS shipments outstripped the overall ESS industry, increasing from 3.2 GWh in 2019 to 57.0 GWh in 2023, at a CAGR of 106.2%. Such growth momentum is expected to continue in the near future, with the market size for distributed ESS shipments expected to further grow to 331.7 GWh by 2029, representing a CAGR of 33.2% from 2024 to 2029 at a higher growth rate than that of overall ESS industry in the same period. To better position ourselves to capture the attractive growth potential, we believe it is in our best interest to continue to scale our business across a global platform, leveraging on our existing competitive advantages and strengthening our marketing and after-sales services. We aim to expand our existing presence in the Europe, APAC, Africa and North America regions, while exploring entry into new and emerging markets such as Latin America, the Middle East and Central Asia. See "Business — Our Growth Strategies — Accelerate Global Expansion." Specifically in connection with our marketing and after-sales expansion efforts:

  (i) approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used expand our customer service teams across our key global markets to further enhance the quality and responsiveness of our customer services. We plan to hire approximately 100 additional sales and customer service personnel each year between 2025 and 2028;

  (ii) approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to organize branding and marketing activities worldwide across both online and offline channels to enhance customer development and strengthen brand awareness; and

  (iii) approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to develop our global digital customer service platform for delivery, service and warranties, which we expect to improve our ability to quickly respond to after-sales requests, enhancing user experience;

- approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for expansion of production capacity. We are in the planning phase for a new production base in Nantong, Jiangsu for the production of C&I and residential ESS solutions, with an estimated total capital expenditure of [**REDACTED**]. Upon completion of the new production base, the expected annual production capacity is approximately 1.4 GWh in ESS battery packs and 190,000 inverter units. We intend to use the [**REDACTED**] to fund civil engineering, construction of the production base and supporting infrastructure, equipment procurement and installation, and production planning. See "Business — Manufacturing — Planned Production Capacity Expansion" for more details;

- approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to diversify our product portfolio and expand our C&I ESS solutions, including:

  (i) approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to develop and iterate on next-generation AI-empowered C&I ESS solutions, across inverters, battery packs, architecture and system solutions research levels. In particular:

  ○ for our inverters, we will invest in technological R&D, optimized circuit design, adoption of advanced semiconductor materials and efficient heat dissipation technologies;

  ○ for our battery packs, we plan to invest in R&D of new electrode materials and advanced BMS to accurately control charging and minimize battery attenuation, increasing conversion efficiency and extending product life, as well as advanced multi-layer protection mechanisms to enhance the safety profile of our products, including overcharge and over-discharge protection, temperature monitoring and short-circuit protection;

  ○ in terms of architectural design, we will continue to strengthen our R&D and production capabilities for our modular architecture design, maintaining our unique value propositions in flexibility, scalability and ease of installation and maintenance; and

  ○ at the system solutions level, we plan to further invest in modular ESS system R&D across design, component integration, system installation and maintenance, remote operation, and deeper integration of AI for efficient system scheduling and autonomous operation;

(ii) approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for upgrading the computing power, intelligence and storage capacity of our cloud-native *Sigen Cloud* platform, investing in advanced algorithms and machine learning technologies to further optimize our real-time monitoring and analysis capabilities, while also enhancing our cloud-native architecture through adopting a mix of public and private cloud servers; and

(iii) approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to develop and expand the product portfolio ancillary to our ESS solutions, such as our EV AC chargers;

- the remaining approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for working capital and general corporate purposes.

If the [**REDACTED**] is fixed at the high-end or low-end of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), the net [**REDACTED**] will increase or decrease by approximately HK$[**REDACTED**] (after deducting [**REDACTED**] fees and expenses related to the [**REDACTED**]). We intend to apply the additional or reduced net [**REDACTED**] to the above uses on a pro rata basis.

If the [**REDACTED**] is fully exercised, our Company will receive net [**REDACTED**] of approximately HK$[**REDACTED**] for [**REDACTED**] Shares to be [**REDACTED**] upon the full exercise of the [**REDACTED**] based on the [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], being the mid-point of the [**REDACTED**], and after deducting the [**REDACTED**] fees and [**REDACTED**] payable by our Company. The additional amount raised will be applied to the above areas of use of [**REDACTED**] on pro rata basis.

To the extent that the net [**REDACTED**] from the [**REDACTED**] are not immediately required for the above purposes and to the extent permitted by the relevant law and regulations, we will only place the net [**REDACTED**] from the [**REDACTED**] in short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions as defined under the Securities and Futures Ordinance in Hong Kong or the PRC. We will make an appropriate announcement if there is any change to the above proposed use of [**REDACTED**].

[**REDACTED**]

[**REDACTED**]

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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SIGENERGY TECHNOLOGY CO., LTD. AND CITIC SECURITIES (HONG KONG) LIMITED AND BNP PARIBAS SECURITIES (ASIA) LIMITED

Introduction

We report on the historical financial information of Sigenergy Technology Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-[●], which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for the period from 24 May 2022 to 31 December 2022 and the year ended 31 December 2023 (the "Relevant Periods"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2022 and 2023 and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-[●] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●] (the "Document") in connection with the [**REDACTED**] of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2022 and 2023 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Review of interim financial information

We have reviewed the interim financial information of the Group, which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the nine months ended 30 September 2023 and 2024, the consolidated statement of financial position of the Group and the statement of financial information of the Company as at 30 September 2024 and other explanatory information (the "Interim Financial Information"). The directors of the Company are responsible for the preparation of the Interim Financial Information in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to note 11 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

[●]
Certified Public Accountants
Hong Kong
[●]

I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") (the "Underlying Financial Statements").

The unaudited Interim Financial Information in this report was prepared based on management accounts of the Group for the nine months ended 30 September 2023 and 2024.

The Historical Financial Information and the unaudited Interim Financial Information are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Period from 24 May 2022 to 31 December	Year ended 31 December	Nine months ended 30 September	
		2022	2023	2023	2024
		RMB'000	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
Revenue	5	–	58,302	4,422	699,741
Cost of sales		–	(40,053)	(4,339)	(390,191)
Gross profit		–	18,249	83	309,550
Other income and gains, net	5	1,354	9,775	5,456	14,432
Selling and distribution expenses		(685)	(53,422)	(22,566)	(104,692)
Administrative expenses		(50,318)	(149,628)	(46,770)	(50,128)
Research and development expenses		(26,164)	(193,005)	(133,014)	(197,649)
Finance costs	7	(367)	(4,755)	(2,773)	(8,014)
Impairment losses on financial assets, net		(7)	(500)	(45)	(6,108)
LOSS BEFORE TAX	6	(76,187)	(373,286)	(199,629)	(42,609)
Income tax expense	10	–	(166)	–	(10,745)
LOSS FOR THE YEAR/PERIOD		(76,187)	(373,452)	(199,629)	(53,354)
OTHER COMPREHENSIVE (LOSS)/INCOME					
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:					
Exchange differences:					
Exchange differences on translation of foreign operations		–	(1,292)	22	2,702
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods		–	(1,292)	22	2,702
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR/PERIOD, NET OF TAX		–	(1,292)	22	2,702
TOTAL COMPREHENSIVE LOSS FOR THE YEAR/PERIOD		(76,187)	(374,744)	(199,607)	(50,652)
LOSS ATTRIBUTABLE TO:					
Owners of the Company		(76,187)	(373,452)	(199,629)	(53,354)
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:					
Owners of the Company		(76,187)	(374,744)	(199,607)	(50,652)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY					
Basic and diluted (RMB)	12	(12.95)	(22.35)	(11.98)	(3.02)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December 2022	As at 31 December 2023	As at 30 September 2024
		RMB'000	*RMB'000*	*RMB'000* (*Unaudited*)
NON-CURRENT ASSETS				
Property, plant and equipment	*13*	11,665	98,662	99,922
Right-of-use assets	*14(a)*	22,903	44,489	40,347
Other intangible assets	*15*	493	1,165	1,224
Prepayments	*20*	–	1,428	1,643
Total non-current assets		35,061	145,744	143,136
CURRENT ASSETS				
Inventories	*18*	1,532	189,455	423,990
Trade and bills receivables	*19*	–	20,261	162,276
Prepayments, other receivables and other assets	*20*	9,068	63,509	129,269
Pledged deposits	*21*	–	57	543
Restricted cash	*21*	–	79	182
Cash and bank balances	*21*	355,645	236,874	299,606
Total current assets		366,245	510,235	1,015,866
CURRENT LIABILITIES				
Trade payables	*22*	276	75,861	188,090
Other payables and accruals	*23*	13,715	55,244	113,666
Lease liabilities	*14*	5,469	15,419	18,326
Contract liabilities	*24*	–	8,706	43,665
Interest-bearing bank borrowings	*25*	–	202,001	334,176
Derivative financial instruments		–	–	2
Tax payable		–	166	4,394
Total current liabilities		19,460	357,397	702,319
NET CURRENT ASSETS		346,785	152,838	313,547
TOTAL ASSETS LESS CURRENT LIABILITIES		381,846	298,582	456,683
NON-CURRENT LIABILITIES				
Interest-bearing bank borrowings	*25*	–	1,500	–
Lease liabilities	*14(b)*	17,251	32,043	26,725
Provision	*26*	–	1,234	14,517
Total non-current liabilities		17,251	34,777	41,242
Net assets		364,595	263,805	415,441
EQUITY				
Equity attributable to owners of the Company				
Paid-in capital	*27*	15,450	16,857	17,761
Reserves	*29*	349,145	246,948	397,680
Total equity		364,595	263,805	415,441

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Period from 24 May 2022 to 31 December 2022

	Paid-in capital	Capital reserve*	Share option reserve*	Accumulated losses*	Total
	RMB'000 *(note 27)*	*RMB'000* *(note 29)*	*RMB'000* *(note 29)*	*RMB'000*	*RMB'000*
At the date of incorporation, 24 May 2022	–	–	–	–	–
Loss for the period	–	–	–	(76,187)	(76,187)
Total comprehensive loss for the period	–	–	–	(76,187)	(76,187)
Capital contribution from shareholders	15,450	388,079	–	–	403,529
Equity-settled share-based payment *(note 28)*	–	–	37,253	–	37,253
At 31 December 2022	15,450	388,079	37,253	(76,187)	364,595

Year ended 31 December 2023

	Paid-in capital	Capital reserve*	Share option reserve*	Exchange fluctuation reserve*	Accumulated losses*	Total
	RMB'000 *(note 27)*	*RMB'000* *(note 29)*	*RMB'000* *(note 29)*	*RMB'000* *(note 29)*	*RMB'000*	*RMB'000*
At 1 January 2023	15,450	388,079	37,253	–	(76,187)	364,595
Loss for the year	–	–	–	–	(373,452)	(373,452)
Other comprehensive loss for the year:						
Exchange differences related to foreign operations	–	–	–	(1,292)	–	(1,292)
Total comprehensive loss for the year	–	–	–	(1,292)	(373,452)	(374,744)
Capital contribution from shareholders	1,407	148,593	–	–	–	150,000
Equity-settled share-based payment *(note 28)*	–	–	123,954	–	–	123,954
At 31 December 2023	16,857	536,672	161,207	(1,292)	(449,639)	263,805

Nine months ended 30 September 2023

	Paid-in capital	Capital reserve*	Share option reserve*	Exchange fluctuation reserve*	Accumulated losses*	Total
	RMB'000 *(note 27)*	*RMB'000* *(note 29)*	*RMB'000* *(note 29)*	*RMB'000* *(note 29)*	*RMB'000*	*RMB'000*
At 1 January 2023	15,450	388,079	37,253	–	(76,187)	364,595
Loss for the period (unaudited)	–	–	–	–	(199,629)	(199,629)
Other comprehensive income for the period (unaudited):						
Exchange differences related to foreign operations (unaudited)	–	–	–	22	–	22
Total comprehensive loss for the period (unaudited)	–	–	–	22	(199,629)	(199,607)
Capital contribution from shareholders (unaudited)	1,407	148,593	–	–	–	150,000
Equity-settled share-based payment *(note 28)* (unaudited)	–	–	23,904	–	–	23,904
At 30 September 2023 (unaudited)	16,857	536,672	61,157	22	(275,816)	338,892

Nine months ended 30 September 2024

	Paid-in capital	Capital reserve*	Share option reserve*	Exchange fluctuation reserve*	Accumulated losses*	Total
	RMB'000 *(note 27)*	*RMB'000* *(note 29)*	*RMB'000* *(note 29)*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024	16,857	536,672	161,207	(1,292)	(449,639)	263,805
Loss for the period (unaudited)	–	–	–	–	(53,354)	(53,354)
Other comprehensive income for the period (unaudited):						
Exchange differences related to foreign operations (unaudited)	–	–	–	2,702	–	2,702
Total comprehensive loss for the period (unaudited)	–	–	–	2,702	(53,354)	(50,652)
Capital contribution from shareholders (unaudited)	904	167,414	–	–	–	168,318
Equity-settled share-based payment *(note 28)* (unaudited)	–	–	33,970	–	–	33,970
At 30 September 2024 (unaudited)	17,761	704,086	195,177	1,410	(502,993)	415,441

* These reserve accounts comprise the reserves of RMB349,145,000, RMB246,948,000, and RMB397,680,000 in the consolidated statements of financial position as at 31 December 2022, 31 December 2023 and 30 September 2024, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Period from 24 May 2022 to 31 December	Year ended 31 December	Nine months ended 30 September	
		2022	2023	2023	2024
		RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000* *(Unaudited)*
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss before tax		(76,187)	(373,286)	(199,629)	(42,609)
Adjustments for:					
Depreciation of items of property, plant and equipment	*6*	435	10,107	5,166	20,289
Depreciation of right-of-use assets	*6*	1,991	8,469	5,603	9,377
Amortisation of other intangible assets	*6,15*	21	87	57	97
Loss on disposal of items of property, plant and equipment		–	103	–	–
Impairment losses on financial assets, net		7	500	45	6,108
Fair value loss of derivative instruments		–	–	–	2
Write-down of inventories to net realisable value	*6,18*	–	–	–	857
Interest income	*5*	(1,455)	(7,222)	(5,833)	(3,388)
Finance costs	*7*	367	4,755	2,773	8,014
Share-based payment expenses	*28*	37,253	123,954	23,904	33,970
Foreign exchange differences, net		–	(1,544)	1,257	(7,730)
		(37,568)	(234,077)	(166,657)	24,987
Increase in trade and bills receivables		–	(20,703)	(214)	(148,731)
Increase in prepayments, other receivables and other assets		(10,265)	(50,635)	(45,601)	(53,155)
Increase in inventories		(1,532)	(187,923)	(143,767)	(235,392)
Increase in pledged deposits		–	(57)	(57)	(13)
Increase in trade payables		276	75,585	57,261	112,229
Increase in other payables and accruals		12,517	33,516	25,299	57,241
Increase in contract liabilities		–	8,706	1,003	34,959
Increase in provision for product warranties		–	1,234	110	13,283
Cash used in operations		(36,572)	(374,354)	(272,623)	(194,592)
Interest received		469	4,640	4,038	1,061
Income tax paid		–	–	–	(6,517)
Net cash flows used in operating activities		(36,103)	(369,714)	(268,585)	(200,048)

	Notes	Period from 24 May 2022 to 31 December	Year ended 31 December	Nine months ended 30 September	
		2022	2023	2023	2024
		RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000* *(Unaudited)*
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of items of property, plant and equipment		(10,902)	(92,157)	(63,217)	(22,836)
Purchases of other intangible assets		(514)	(759)	(468)	(156)
Placement of restricted cash		–	(54,067)	(39,622)	(13,949)
Withdrawal of restricted cash		–	53,988	39,552	13,846
Placement of pledged deposits for derivative financial instruments		–	–	–	(473)
Net cash flows used in investing activities		(11,416)	(92,995)	(63,755)	(23,568)
CASH FLOWS FROM FINANCING ACTIVITIES					
Capital contribution from shareholders		403,529	150,000	150,000	168,318
New bank borrowings		–	203,317	149,222	246,577
Repayment of bank borrowings		–	–	–	(115,988)
Lease payments	*14*	(1,351)	(9,724)	(5,400)	(11,148)
Interest paid		–	(2,237)	(939)	(6,259)
Net cash flows from financing activities		402,178	341,356	292,883	281,500
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		354,659	(121,353)	(39,457)	57,884
Cash and cash equivalents at beginning of year/period		–	354,659	354,659	233,306
Effect of foreign exchange rate changes, net		–	–	–	2,521
Cash and cash equivalents at end of year/period		354,659	233,306	315,202	293,711
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS					
Cash and bank balances as stated in the consolidated statements of financial position		355,645	236,874	317,983	299,606
Less: Interest receivable on bank deposits		986	3,568	2,781	5,895
Cash and cash equivalents as stated in the consolidated statements of cash flows		354,659	233,306	315,202	293,711

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at 31 December		As at 30 September
		2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*
NON-CURRENT ASSETS				
Property, plant and equipment	*13*	11,665	11,355	8,476
Right-of-use assets	*14*	22,903	–	–
Other intangible assets	*15*	493	1,069	1,131
Investments in subsidiaries	*16*	5,010	134,355	189,987
Prepayments	*20*	–	–	140
Total non-current assets		40,071	146,779	199,734
CURRENT ASSETS				
Inventories	*18*	1,532	43	43
Trade and bills receivables	*19*	–	400	401
Prepayments, other receivables and other assets	*20*	9,016	182,772	327,934
Cash and bank balances	*21*	350,696	191,001	164,271
Total current assets		361,244	374,216	492,649
CURRENT LIABILITIES				
Trade payables	*22*	276	96	45
Other payables and accruals	*23*	11,881	5,182	8,108
Lease liabilities	*14*	5,469	–	–
Interest-bearing bank borrowings	*25*	–	–	500
Total current liabilities		17,626	5,278	8,653
NET CURRENT ASSETS		343,618	368,938	483,996
TOTAL ASSETS LESS CURRENT LIABILITIES		383,689	515,717	683,730
NON-CURRENT LIABILITIES				
Lease liabilities	*14*	17,251	–	–
Total non-current liabilities		17,251	–	–
Net assets		366,438	515,717	683,730
EQUITY				
Paid-in capital	*27*	15,450	16,857	17,761
Reserves	*29*	350,988	498,860	665,969
Total equity		366,438	515,717	683,730

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION AND THE UNAUDITED INTERIM FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Sigenergy Technology Co., Ltd. (the "Company"), formerly known as Shanghai Sigenergy Technology Co., Ltd.* (上海思格新能源技術有限公司), is a company with limited liability established in Shanghai, the People's Republic of China (the "PRC") on 24 May 2022. The registered office of the Company is located at Room 514, 5th Floor, No. 175, Weizhan Road, Lingang New Area, China (Shanghai) Pilot Free Trade Zone. On 13 January 2025, the Company was converted into a joint stock company with limited liability.

During the Relevant Periods and the nine months ended 30 September 2023 and 2024, the Company and its subsidiaries (together, the "Group") operated in the green energy industry that comprises businesses involving new energy products and solutions. The Group's operations cover research, development, application, production and sale of innovative renewable energy solutions, including solar inverter, EV DC charger, Power Conversion System, battery pack, and Energy Management System, for both households and businesses.

As at the date of this report, the Company had direct and indirect interests in its subsidiaries, and the principal subsidiaries, all of which are private limited liability companies, are set out below:

Name	*Notes*	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Shanghai Sigeyuan Intelligence Technology Co., Ltd.* (上海思格源智能科技有限公司) . .	*(1)*	PRC/ Mainland China 7 December 2022	RMB100,000,000	100%	–	Research, development and manufacture of products
Sigenergy Technology (Hong Kong) Limited	*(2)*	Hong Kong 2 March 2023	USD1	100%	–	Sale of products
Sigenergy Technology B.V. . . .	*(2)*	Netherlands 16 August 2023	EUR100,000	–	100%	Sale of products

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the Relevant Periods and the nine months ended 30 September 2023 and 2024 or formed a substantial portion of the total assets of the Group.

Notes:

(1) The statutory financial statements of this entity for the period ended 31 December 2022 and the year ended 31 December 2023 prepared in accordance with Accounting Standards for Business Enterprises were audited by Grant Thornton LLP, certified public accountants registered in the PRC.

(2) No audited financial statements of these entities have been prepared for the period ended 31 December 2023 as these entities were either newly incorporated or not subject to any statutory audit requirements under the relevant rules and regulations in their jurisdiction of incorporation.

* The English name of the company registered in the PRC referred to above in this note represents management's best effort in translating the Chinese name of this company as no English name has been registered or are available.

2.1 BASIS OF PREPARATION

The Historical Financial Information and the unaudited Interim Financial Information have been prepared in accordance with all applicable IFRS Accounting Standards issued by the International Accounting Standards Board (the "IASB"). All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2024, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information and the unaudited Interim Financial information throughout the Relevant Periods and the nine months ended 30 September 2023 and 2024.

The Historical Financial Information and the unaudited Interim Financial information have been prepared under the historical cost convention, except for derivative financial instruments at fair value through profit or loss, which have been measured at fair value.

Basis of consolidation

The Historical Financial Information and the unaudited Interim Financial information include the financial statements of the Company and its subsidiaries for the Relevant Periods and the nine months ended 30 September 2023 and 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the owners of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and revised IFRS Accounting Standard, that have been issued but are not yet effective, in the Historical Financial Information and the unaudited Interim Financial information. The Group intends to apply these new and revised IFRS Accounting Standard, if applicable, when they become effective.

Amendments to IAS 21	*Lack of Exchangeability*[1]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2]
IFRS 18	*Presentation and Disclosure in Financial Statements*[3]
IFRS 19	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Annual Improvements to IFRS Accounting Standards — Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7[2]

1 Effective for annual reporting periods beginning on or after 1 January 2025

2 Effective for annual reporting periods beginning on or after 1 January 2026

3 Effective for annual reporting periods beginning on or after 1 January 2027

4 No mandatory effective date yet determined but available for adoption

The Group has already commenced an assessment of the impact of the new and revised IFRS Accounting Standard, which are relevant to the Group's operations. According to the preliminary assessment made by the directors, no significant impact on the financial performance and financial position of the Group is expected when these new and revised IFRS Accounting Standard become effective.

2.3 MATERIAL ACCOUNTING POLICIES

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets and deferred tax assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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 assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Plant and machinery	4.75% to 9.50%
Furniture and office equipment	19.00%
Motor vehicles	23.75%
Other equipment	31.67% to 33.33%
Leasehold improvements	22.22% to 66.67%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of the acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Software

Software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 10 years.

Research and development costs

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful life of the assets as follows:

Properties	2 to 5 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of buildings (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Trade receivables and bills receivable

Trade receivables and bills receivable are amounts due from customers for products sold in the ordinary course of business. If the collection of accounts receivable is expected in one year or less, they are classified as current assets. Otherwise, they are presented as non-current assets.

Trade receivables and bills receivable are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognised at fair value. The Group holds the trade receivables and the majority of bills receivable with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See "impairment of financial assets" below for further information about the Group's impairment policies.

Derivative financial instruments

The Group uses derivative financial instruments, such as forward currency contracts and foreign currency swaps, to hedge its foreign currency risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all financial assets measured at amortised cost (including cash and bank balances, trade and bills receivables and other receivables). ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has considered the probability of default of comparable companies with published credit ratings, as well as the background and credit profile of each client, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, derivative financial instruments and interest-bearing bank borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statements of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

The Group provides for warranties in relation to the sale of certain products and general repairs of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are initially recognised based on the industry rate, discounted to their present values as appropriate. The warranty-related cost is revised quarterly.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received, and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Sale of goods

Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on acceptance of the goods by customer or upon the confirmation from customer. Under the terms of free on board ("FOB"), the control of assets is transferred to customers when the products pass the ship's rail at the named port of shipment, while under the cost, insurance and freight ("CIF"), the control is transferred when the products are on the water.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract liabilities

A contract liability is recognised when a payment is received, or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods to the customer).

Employee benefits

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for certain of its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Housing fund and other social insurances

The Group has participated in defined social security contribution schemes for its employees pursuant to the relevant laws and regulations of the PRC. These include housing fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance. The Group makes monthly contributions to the housing fund and other social insurances. The contributions are charged to profit or loss on an accrual basis. The Group has no further obligations beyond the contributions made.

Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

Borrowing costs

All borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

Share-based payments

The Company operates a share option scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees (including directors) render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 28 to the Historical Financial Information and the unaudited Interim Financial Information.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Foreign currencies

The Historical Financial Information and the unaudited Interim Financial Information are presented in RMB which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's Historical Financial Information and the unaudited Interim Financial Information required management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Group has tax losses of RMB57,244,000, RMB420,223,000 and RMB432,250,000, respectively, carried forward at the end of each of the Relevant Periods and the nine months ended 30 September 2024. These losses related to the Company and subsidiaries that have a history of losses, have not expired, and may not be used to offset taxable income elsewhere in the Group. The subsidiaries have neither any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

If the Group had been able to recognise all unrecognised deferred tax assets, the profit and equity would have increased by RMB14,314,000, RMB70,098,000, RMB48,370,000 and RMB61,366,000, respectively, for the Relevant Periods and the nine months ended 30 September 2023 and 2024. Further details on deferred taxes are disclosed in note 17 to the Historical Financial Information and the unaudited Interim Financial Information.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Periods and the nine months ended 30 September 2024, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Variable consideration for volume rebates

The Group estimates variable consideration to be included in the transaction price for the sale of products with rights of volume rebates. The Group's expected volume rebates are analysed on a per customer basis for contracts that are subject to a single volume threshold. Determining whether a customer is likely to be entitled to a rebate depends on the customer's historical rebate entitlement and accumulated purchases to date. The Group updates its assessment of expected volume rebates quarterly and the contract liabilities are adjusted accordingly. Estimates of expected volume rebates are sensitive to changes in circumstances and the Group's past experience regarding rebate entitlements may not be representative of customers' actual rebate entitlements in the future. The expected volume rebates at the end of each of the Relevant Periods and the nine months ended 30 September 2024 were disclosed in note 24 to the Historical Financial Information and the unaudited Interim Financial Information.

Provision for expected credit losses on trade receivables and other receivables

The Group has applied the probability of default approach to calculate the expected credit losses for trade receivables and other receivables and considered the default event, historical loss rate and adjusted for forward-looking macroeconomic data in calculating the expected credit loss rate. The assessment of the correlation among historical loss rates and forecast economic conditions is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables and other receivables is disclosed in note 19 and note 20 to the Historical Financial Information and the unaudited Interim Financial Information, respectively.

Leases — Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for entities that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is not organised into business units based on their products and services and only has one reportable operating segment. Since this is the only reportable operating segment of the Group, no further operating segment analysis thereof is presented.

Geographical information

(a) Revenue from external customers

	Period from 24 May 2022 to 31 December	Year ended 31 December	Nine months ended 30 September	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000* *(Unaudited)*
Europe	–	42,312	3,519	455,690
Africa	–	904	33	90,414
Asia-Pacific	–	5,307	830	78,541
Others*	–	9,779	40	75,096
Total revenue	–	58,302	4,422	699,741

* Including Mainland China, Middle East and Central Asia, Latin America and Northern America.

The revenue information above is based on the locations of the customers.

(b) Non-current assets

No geographical information related to non-current assets is presented as nearly all non-current assets (excludes financial instruments) of the Group are located in Mainland China.

Information about major customers

External customers from which the revenue amounted to over 10% of the total revenue of the Group for each of the Relevant Periods and the nine months ended 30 September 2023 and 2024 were as follows:

	Period from 24 May 2022 to 31 December	Year ended 31 December	Nine months ended 30 September	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000* *(Unaudited)*
Customer A	–	10,006	–	76,056
Customer B	–	13,368	2,674	*
Customer C	–	7,057	–	*
Customer D	–	7,650	–	–

* Less than 10% of the Group's revenue

5. REVENUE, OTHER INCOME AND GAINS/(LOSSES), NET

An analysis of revenue is as follows:

	Period from 24 May 2022 to 31 December	Year ended 31 December	Nine months ended 30 September	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000* *(Unaudited)*
Revenue from contracts with customers	–	58,302	4,422	699,741

Revenue from contracts with customers

(a) Disaggregated revenue information

	Period from 24 May 2022 to 31 December	Year ended 31 December	Nine months ended 30 September	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000* *(Unaudited)*
Types of goods				
SigenStor	–	56,174	4,318	633,386
Gateway	–	1,115	44	37,248
Others	–	1,013	60	29,107
Total	–	58,302	4,422	699,741
Timing of revenue recognition				
Goods transferred at a point in time	–	58,302	4,422	699,741

The following table shows the amount of revenue recognised in the Relevant Periods and the nine months ended 30 September 2023 and 2024 that was included in the contract liabilities at the beginning of each of the Relevant Periods and nine months ended 30 September 2023 and 2024:

	Period from 24 May 2022 to 31 December	Year ended 31 December	Nine months ended 30 September	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000* *(Unaudited)*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:				
Sale of goods	–	–	–	8,416

(b) Performance obligations

Information about the Group's performance obligation is summarised below:

Sale of goods

The performance obligation is satisfied at the point in time when control of the goods is transferred to the customer, generally on acceptance of the product by the customer or upon confirmation from the customer. Under the terms of FOB, the control of assets is transferred to customers when the products pass the ship's rail at the named port of shipment, while under CIF, the control is transferred when the products are on the water. The payment is generally due within 30 to 90 days from delivery, except for new customers, whose payment in advance is normally required. Some contracts provide customers with a right to volume rebates which give rise to variable consideration subject to constraint.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at the end the Relevant Periods and the nine months ended 30 September 2024 is as follows:

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*
Amounts expected to be recognized as revenue:			
Within one year	–	7,940	14,272

All amounts of transaction prices allocated to the performance obligations of sales of goods are expected to be recognized as revenue within one year.

An analysis of other income and gains/(losses), net is as follows:

	Period from 24 May 2022 to 31 December	Year ended 31 December	Nine months ended 30 September	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000* *(Unaudited)*
Other income				
Interest income	1,455	7,222	5,833	3,388
Government grants*	–	321	185	623
Technical support services	–	964	964	–
Waste recycling	–	56	12	115
Others	47	162	5	154
Total other income	1,502	8,725	6,999	4,280
Gains/(losses), net				
Foreign exchange gains/(losses), net	–	1,544	(1,257)	10,251
Others	(148)	(494)	(286)	(99)
Total gains/(losses), net	(148)	1,050	(1,543)	10,152
Total other income and gains/(losses), net	1,354	9,775	5,456	14,432

* The government grants have been received from the PRC local government authorities to support the operating activities of the Group's subsidiaries incorporated in Mainland China. There are no unfulfilled eligibility requirements or conditions relating to these government grants.

6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	Notes	Period from 24 May 2022 to 31 December	Year ended 31 December	Nine months ended 30 September	
		2022	2023	2023	2024
		RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000* *(Unaudited)*
Cost of inventories sold *(a)*		–	37,589	4,187	367,659
Write-down of inventories to net realisable value	*18*	–	–	–	857
Additional product warranty provision		–	1,234	110	14,108
Depreciation of property, plant and equipment *(b)*		435	10,107	5,166	20,289
Depreciation of right-of-use assets *(b)*	*14*	1,991	8,469	5,603	9,377
Amortisation of other intangible assets	*15*	21	87	57	97
Research and development costs		1,637	35,023	23,696	28,546
Expense relating to short-term leases and leases of low-value assets	*14*	143	559	303	766
Outsourcing and labour costs		8,830	40,789	26,718	29,731
Employee benefit expense (including directors' and chief executive's remuneration in *note 8*):					
Wages and salaries		21,534	139,987	91,737	179,507
Pension scheme contributions and social welfare		1,598	10,021	8,875	12,333
Equity-settled share-based payment expense		37,253	123,107	23,480	33,351
Total		60,385	273,115	124,092	225,191
Foreign exchange differences, net	*5*	–	(1,544)	1,257	(10,251)

(a) Cost of inventories sold for the Relevant Periods and the nine months ended 30 September 2023 and 2024 includes the impairment losses of inventories recognised, the additional provision for product warranty, the depreciation of property, plant and equipment and the depreciation of right-of-use assets which are also included in the respective total amounts disclosed separately in "write-down of inventories to net realisable value", "additional product warranty provision", "depreciation of property, plant and equipment" and "depreciation of right-of-use assets" above.

(b) The depreciation of property, plant and equipment and the depreciation of right-of-use assets for the Relevant Periods and the nine months ended 30 September 2023 and 2024 were included in "cost of inventories sold", "selling and distribution expenses", "administrative expenses" and "research and development expenses" in profit or loss.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Period from 24 May 2022 to 31 December	Year ended 31 December	Nine months ended 30 September	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
Interest on bank borrowings	–	2,421	1,061	6,345
Interest on lease liabilities *(note 14)*	367	2,334	1,712	1,669
Total	367	4,755	2,773	8,014

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the Relevant Periods and the nine months ended 30 September 2023 and 2024, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Period from 24 May 2022 to 31 December	Year ended 31 December	Nine months ended 30 September	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
Fees	–	–	–	–
Other emoluments:				
Salaries, allowances and benefits in kind	780	2,720	890	1,740
Equity-settled share-based payment expenses	31,372	91,799	–	–
Pension scheme contributions	80	280	100	200
Subtotal	32,232	94,799	990	1,940
Total	32,232	94,799	990	1,940

During the Relevant Periods and the nine months ended 30 September 2023 and 2024, certain executive and director subscribed the registered capital at a consideration lower than fair value, further details of which are set out in note 28 to the Historical Financial Information and the unaudited Interim Financial Information. The amounts of the share-based payment expenses during the Relevant Periods and the nine months ended 30 September 2023 and 2024 are included in the above directors' and chief executive's remuneration disclosures.

The remuneration of each director and chief executive of the Company paid/payable by the Group (including emoluments for services as employees of the group entities prior to becoming the directors of the Company) for the Relevant Periods and the nine months ended 30 September 2023 and 2024 is set out as follows:

Period from 24 May 2022 to 31 December 2022

	Fees	Salaries, allowances and benefits in kind	Equity-settled share-based payment expenses	Pension scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Chief executive:					
Mr. Xu Yingtong *(i)*	–	780	31,372	80	32,232

Year ended 31 December 2023

	Fees	Salaries, allowances and benefits in kind	Equity-settled share-based payment expenses	Pension scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Chief executive and executive director:					
Mr. Xu Yingtong *(i)*	–	1,460	67,826	140	69,426
Executive director:					
Mr. Zhang Xianmiao *(ii)*	–	1,260	23,973	140	25,373
Non-executive directors:					
Mr. Sun Guoqing *(iii)*	–	–	–	–	–
Mr. Wang Lin *(iv)*	–	–	–	–	–
Ms. Yang Ting *(v)*	–	–	–	–	–
	–	–	–	–	–
Total	–	2,720	91,799	280	94,799

Nine months ended 30 September 2023

	Fees	Salaries, allowances and benefits in kind	Equity-settled share-based payment expenses	Pension scheme contributions	Total remuneration
	RMB'000 *(Unaudited)*	*RMB'000* *(Unaudited)*	*RMB'000* *(Unaudited)*	*RMB'000* *(Unaudited)*	*RMB'000* *(Unaudited)*
Chief executive:					
Mr. Xu Yingtong *(i)*	–	890	–	100	990

Nine months ended 30 September 2024

	Fees	Salaries, allowances and benefits in kind	Equity-settled share-based payment expenses	Pension scheme contributions	Total remuneration
	RMB'000 *(Unaudited)*	*RMB'000* *(Unaudited)*	*RMB'000* *(Unaudited)*	*RMB'000* *(Unaudited)*	*RMB'000* *(Unaudited)*
Chief executive and executive director:					
Mr. Xu Yingtong *(i)*	–	900	–	100	1,000
Executive director:					
Mr. Zhang Xianmiao *(ii)*	–	840	–	100	940
Non-executive directors:					
Mr. Sun Guoqing *(iii)*	–	–	–	–	–
Mr. Wang Lin *(iv)*	–	–	–	–	–
Ms. Yang Ting *(v)*	–	–	–	–	–
	–	–	–	–	–
Total	–	1,740	–	200	1,940

(i) Mr. Xu Yingtong has been the Chief Executive Officer since incorporation of the Company, and was appointed as executive directors on 8 December 2023.

(ii) Mr. Zhang Xianmiao was appointed as executive directors on 8 December 2023.

(iii) Mr. Sun Guoqing was appointed as a non-executive director on 8 December 2023.

(iv) Mr. Wang Lin was appointed as a non-executive director on 31 August 2022.

(v) Ms. Yang Ting was appointed as a non-executive director on 8 December 2023.

There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Periods and the nine months ended 30 September 2023 and 2024.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees for the Relevant Periods and the nine months ended 30 September 2023 and 2024 included 1, 2, Nil and Nil directors or chief executive, respectively, details of whose remuneration are set out in note 8 above. Details of the remuneration for the remaining 4, 3, 5 and 5 highest paid employees who are neither a director nor chief executive of the Company are as follows:

	Period from 24 May 2022 to 31 December	Year ended 31 December	Nine months ended 30 September	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000* *(Unaudited)*
Salaries, allowances and benefits in kind	1,980	2,825	2,650	3,020
Equity-settled share-based payment expenses	4,124	2,771	3,135	3,568
Pension scheme contributions	270	435	500	540
Total	6,374	6,031	6,285	7,128

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees			
	Period from 24 May 2022 to 31 December	Year ended 31 December	Nine months ended 30 September	
	2022	2023	2023	2024
			(Unaudited)	*(Unaudited)*
Nil to HKD1,000,000	2	–	–	–
HKD1,000,001 to HKD2,000,000	1	–	5	5
HKD2,000,001 to HKD3,000,000	–	3	–	–
HKD4,000,001 to HKD5,000,000	1	–	–	–
Total	4	3	5	5

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate.

Mainland China

The subsidiaries incorporated in Mainland China are subject to tax at the statutory rate of 25% on the taxable profits determined in accordance with the PRC Corporate Income Tax Law which became effective on 1 January 2008, except for those subject to preferential tax set out below:

Shanghai Sigeyuan Intelligence Technology Co., Ltd.* (上海思格源智能科技有限公司) was qualified as one of the "Enterprises in Key Industries in Lingang New Area of China (Shanghai) Pilot Free Trade Zone" on 24 January 2024 and is entitled to an income tax rate of 15% for five years from the date of establishment.

Certain subsidiaries of the Group have applied the Small-Scaled Minimal Profit Corporate Income Tax Preferential Policy announced by the PRC's State Administration of Taxation. Pursuant to the policy announced by the PRC's State Administration of Taxation, for the period from 1 January 2022 to 31 December 2027, the annual taxable income amount of a Small-Scaled Minimal Profit Corporate shall be computed at a reduced rate of 25% as taxable income amount, and shall be levied at a reduced tax rate of 20%.

Hong Kong

The subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at the rate of 8.25% for taxable income not exceeding HKD2,000,000, and 16.5% for taxable income exceeding HKD2,000,000 on any estimated assessable profits arising in Hong Kong. No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the Relevant Periods and the nine months ended 30 September 2023 and 2024.

Netherlands

Income tax rate in the Netherlands is 25%. No profits tax was provided for in the Netherlands as there was no estimated assessable profit that was subject to Dutch profits tax during the Relevant Periods and the nine months ended 30 September 2023 and 2024.

United States

The subsidiary incorporated in the United States is subject to statutory United States federal corporate income tax at a rate of 21%.

The Group's tax provision in respect of other jurisdictions has been calculated at the applicable tax rates in accordance with the prevailing practices of the jurisdictions in which the Group's subsidiaries operate. The income tax expense of the Group for the Relevant Periods and the nine months ended 30 September 2023 and 2024 is analysed as follows:

	Period from 24 May 2022 to 31 December	Year ended 31 December	Nine months ended 30 September	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000* *(Unaudited)*
Current income tax	–	166	–	10,745

A reconciliation of tax expense applicable to loss before tax at the statutory tax rate for the jurisdiction in which the majority of the Company's subsidiaries are domiciled to the income tax expense at the effective income tax rate for each of the Relevant Periods and the nine months ended 30 September 2023 and 2024 is as follows:

	Period from 24 May 2022 to 31 December	Year ended 31 December	Nine months ended 30 September	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000* *(Unaudited)*
Loss before tax	(76,187)	(373,286)	(199,629)	(42,609)
Tax at the statutory tax rate of 25%	(19,047)	(93,322)	(49,907)	(10,652)
Effect of preferential tax rates	–	21,058	15,836	(16,871)
Expenses not deductible for tax *(a)*	77	110	–	97
Super deductible allowance for research and development costs *(b)*	(4,657)	(25,551)	(17,885)	(28,291)
Equity-settled share-based payment expenses	9,313	27,773	3,586	5,096
Deductible temporary differences and tax losses not recognised	14,314	70,098	48,370	61,366
Tax charge at the Group's effective income tax rate	–	166	–	10,745

(a) Expenses not deductible for tax mainly include the tax effect of non-deductible business entertainment expenses and penalties without compliant notes.

(b) Super deductible allowance was for qualified research and development costs. According to the relevant laws and regulations promulgated by the State Taxation Administration of the PRC, enterprises engaging in research and development activities were entitled to claim 175% of their qualified research and development costs as tax deductible expenses when determining their assessable profits for the nine months ended 30 September 2022. According to the relevant laws and regulations, for the period from 1 October 2022 to 30 September 2024, the aforementioned deduction rate increased to 200%.

11. DIVIDENDS

No dividend has been paid or declared by the Company during the Relevant Periods and the nine months ended 30 September 2023 and 2024.

12. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic loss per share amount is based on the loss attributable to ordinary equity holders of the Company and the weighted average numbers of ordinary shares outstanding during the Relevant Periods and the nine months ended 30 September 2023 and 2024.

The Group had no potentially dilutive ordinary shares in issue during the Relevant Periods and the nine months ended 30 September 2023 and 2024.

The calculation of basic loss per share is based on:

	Period from 24 May 2022 to 31 December	Year ended 31 December	Nine months ended 30 September	
	2022	**2023**	**2023**	**2024**
			(Unaudited)	*(Unaudited)*
Losses				
Loss attributable to ordinary equity holders of the Company (RMB'000)	(76,187)	(373,452)	(199,629)	(53,354)
Shares				
Weighted average number of ordinary shares outstanding during the year/period ('000)	5,885	16,707	16,657	17,676
Loss per share:				
Basic and diluted (RMB)	(12.95)	(22.35)	(11.98)	(3.02)

The weighted average number of ordinary shares in issue before the conversion into a joint stock company was determined assuming that the paid-in capital had been fully converted into share capital at the same conversion ratio of 1:1 as upon transformation into a joint stock company in January 2025.

13. PROPERTY, PLANT AND EQUIPMENT

The Group

	Plant and machinery	Furniture and office equipment	Other equipment	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2022					
At the date of incorporation, 24 May 2022	–	–	–	–	–
Additions	4,162	1,412	35	6,491	12,100
Depreciation provided during the period	(192)	(13)	–	(230)	(435)
At 31 December 2022, net of accumulated depreciation	3,970	1,399	35	6,261	11,665
At 31 December 2022:					
Cost	4,162	1,412	35	6,491	12,100
Accumulated depreciation	(192)	(13)	–	(230)	(435)
Net carrying amount	3,970	1,399	35	6,261	11,665

	Plant and machinery	Furniture and office equipment	Motor vehicles	Other equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023							
At 1 January 2023:							
Cost	4,162	1,412	–	35	6,491	–	12,100
Accumulated depreciation	(192)	(13)	–	–	(230)	–	(435)
Net carrying amount	3,970	1,399	–	35	6,261	–	11,665
At 1 January 2023, net of accumulated depreciation	3,970	1,399	–	35	6,261	–	11,665
Additions	43,154	3,153	425	8,085	23,098	20,827	98,742
Transfers	20,684	–	–	–	–	(20,684)	–
Disposals	–	(103)	–	–	–	–	(103)
Depreciation provided during the year	(6,201)	(500)	(92)	(260)	(4,589)	–	(11,642)
At 31 December 2023, net of accumulated depreciation	61,607	3,949	333	7,860	24,770	143	98,662
At 31 December 2023:							
Cost	68,000	4,462	425	8,120	29,589	143	110,739
Accumulated depreciation	(6,393)	(513)	(92)	(260)	(4,819)	–	(12,077)
Net carrying amount	61,607	3,949	333	7,860	24,770	143	98,662

	Plant and machinery	Furniture and office equipment	Motor vehicles	Other equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*
30 September 2024							
At 1 January 2024:							
Cost	68,000	4,462	425	8,120	29,589	143	110,739
Accumulated depreciation	(6,393)	(513)	(92)	(260)	(4,819)	–	(12,077)
Net carrying amount	61,607	3,949	333	7,860	24,770	143	98,662
At 1 January 2024, net of accumulated depreciation	61,607	3,949	333	7,860	24,770	143	98,662
Additions	15,718	1,247	–	3,633	2,699	505	23,802
Transfers	239	–	–	–	–	(239)	–
Depreciation provided during the period	(11,593)	(672)	(76)	(2,303)	(7,898)	–	(22,542)
At 30 September 2024, net of accumulated depreciation	65,971	4,524	257	9,190	19,571	409	99,922
30 September 2024:							
Cost	83,957	5,709	425	11,753	32,288	409	134,541
Accumulated depreciation	(17,986)	(1,185)	(168)	(2,563)	(12,717)	–	(34,619)
Net carrying amount	65,971	4,524	257	9,190	19,571	409	99,922

The Company

	Plant and machinery	Furniture and office equipment	Other equipment	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2022					
At the date of incorporation, 24 May 2022	–	–	–	–	–
Additions	4,162	1,412	35	6,491	12,100
Depreciation provided during the period	(192)	(13)	–	(230)	(435)
At 31 December 2022, net of accumulated depreciation	3,970	1,399	35	6,261	11,665
At 31 December 2022:					
Cost	4,162	1,412	35	6,491	12,100
Accumulated depreciation	(192)	(13)	–	(230)	(435)
Net carrying amount	3,970	1,399	35	6,261	11,665

	Plant and machinery	Furniture and office equipment	Motor vehicles	Other equipment	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023						
At 1 January 2023:						
Cost	4,162	1,412	–	35	6,491	12,100
Accumulated depreciation	(192)	(13)	–	–	(230)	(435)
Net carrying amount	3,970	1,399	–	35	6,261	11,665
At 1 January 2023, net of accumulated depreciation	3,970	1,399	–	35	6,261	11,665
Additions	1,533	70	416	3	2,332	4,354
Disposals	–	(82)	–	–	–	(82)
Depreciation provided during the year	(1,773)	(258)	(91)	(12)	(2,448)	(4,582)
At 31 December 2023, net of accumulated depreciation	3,730	1,129	325	26	6,145	11,355
At 31 December 2023:						
Cost	5,695	1,400	416	38	8,823	16,372
Accumulated depreciation	(1,965)	(271)	(91)	(12)	(2,678)	(5,017)
Net carrying amount	3,730	1,129	325	26	6,145	11,355

	Plant and machinery	Furniture and office equipment	Motor vehicles	Other equipment	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*
30 September 2024						
At 1 January 2024:						
Cost	5,695	1,400	416	38	8,823	16,372
Accumulated depreciation	(1,965)	(271)	(91)	(12)	(2,678)	(5,017)
Net carrying amount	3,730	1,129	325	26	6,145	11,355
At 1 January 2024, net of accumulated depreciation	3,730	1,129	325	26	6,145	11,355
Additions	–	–	–	–	894	894
Depreciation provided during the period	(1,370)	(200)	(74)	(9)	(2,120)	(3,773)
At 30 September 2024, net of accumulated depreciation	2,360	929	251	17	4,919	8,476
At 30 September 2024:						
Cost	5,695	1,400	416	38	9,717	17,266
Accumulated depreciation	(3,335)	(471)	(165)	(21)	(4,798)	(8,790)
Net carrying amount	2,360	929	251	17	4,919	8,476

14. LEASES

The Group as a lessee

The Group has lease contracts for various items of properties. Leases of buildings generally have lease terms between 18 months and 5 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of right-of-use assets and the movements during the Relevant Periods and the nine months ended 30 September 2024 are as follows:

The Group

	Properties
	RMB'000
At the date of incorporation, 24 May 2022	–
Additions	24,894
Depreciation charge	(1,991)
At 31 December 2022 and at 1 January 2023	22,903
Additions	34,280
Reassessment of a change in lease terms	(19)
Depreciation charge	(12,675)
At 31 December 2023 and at 1 January 2024	44,489
Additions (unaudited)	6,450
Reassessment of a change in lease terms (unaudited)	725
Depreciation charge (unaudited)	(11,317)
At 30 September 2024 (unaudited)	40,347

The Company

	Properties
	RMB'000
At the date of incorporation, 24 May 2022	–
Additions	24,894
Depreciation charge	(1,991)
At 31 December 2022 and at 1 January 2023	22,903
Early termination of leases	(20,871)
Depreciation charge	(2,032)
At 31 December 2023	–

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the Relevant Periods and the nine months ended 30 September 2024 are as follows:

The Group

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*
Carrying amount at the beginning of the year/period	–	22,720	47,462
New leases	23,704	32,151	6,343
Accretion of interest recognised during the year/period	367	2,334	1,669
Payments	(1,351)	(9,724)	(11,148)
Reassessment of a change in lease terms	–	(19)	725
Carrying amount at the end of the year/period	22,720	47,462	45,051
Analysed into:			
Current portion	5,469	15,419	18,326
Non-current portion	17,251	32,043	26,725

The Company

	As at 31 December	
	2022	2023
	RMB'000	*RMB'000*
Carrying amount at the beginning of the year/period	–	22,720
New leases	23,704	–
Accretion of interest recognised during the year/period	367	359
Payments	(1,351)	(66)
Early termination of leases	–	(23,013)
Carrying amount at the end of the year/period	22,720	–
Analysed into:		
Current portion	5,469	–
Non-current portion	17,251	–

The maturity analysis of lease liabilities is disclosed in note 35 to the Historical Financial Information and the unaudited Interim Financial Information.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

The Group

	As at 31 December		As at 30 September	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000* *(Unaudited)*
Interest on lease liabilities *(note 7)*	367	2,334	1,712	1,669
Depreciation charge of right-of-use assets *(note 6)*	1,991	8,469	5,603	9,377
Expense relating to short-term leases and leases of low-value assets *(note 6)*	143	559	303	766
Total amount recognised in profit or loss	2,501	11,362	7,618	11,812

(d) The total cash outflow for leases and future cash outflows relating to leases that have not yet commenced are disclosed in note 30 to the Historical Financial Information and the unaudited Interim Financial Information.

15. OTHER INTANGIBLE ASSETS

The Group

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*
Software:			
At beginning of year/period:			
Cost	–	514	1,273
Accumulated amortisation	–	(21)	(108)
Net carrying amount	–	493	1,165
At beginning of year/period, net of accumulated amortisation	–	493	1,165
Additions	514	759	156
Amortisation provided during the year/period	(21)	(87)	(97)
At end of year/period	493	1,165	1,224
At end of year/period:			
Cost	514	1,273	1,429
Accumulated amortisation	(21)	(108)	(205)
Net carrying amount	493	1,165	1,224

The Company

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*
Software:			
At beginning of year/period:			
Cost	–	514	1,171
Accumulated amortisation	–	(21)	(102)
Net carrying amount	–	493	1,069
At beginning of year/period, net of accumulated amortisation	–	493	1,069
Additions	514	657	151
Amortisation provided during the year/period	(21)	(81)	(89)
At end of year/period	493	1,069	1,131
At end of year/period:			
Cost	514	1,171	1,322
Accumulated amortisation	(21)	(102)	(191)
Net carrying amount	493	1,069	1,131

16. INVESTMENTS IN SUBSIDIARIES

The Company

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Investments in subsidiaries — capital contribution from the Company for obtaining 100% equity interest of subsidiaries	5,010	102,200	123,862
Investments in subsidiaries — deemed investments arising from share-based payment	–	32,155	66,125
Investments in subsidiaries	5,010	134,355	189,987

The Company's outstanding balances with the subsidiaries are disclosed in note 32.

17. DEFERRED TAX

The movements in deferred tax assets and liabilities during the Relevant Periods and the nine months ended 30 September 2024 are as follows:

Deferred tax assets

The Group

	Lease liabilities
	RMB'000
Gross deferred tax assets at the date of incorporation, 24 May 2022	–
Deferred tax credited to profit or loss during the period	5,680
Gross deferred tax assets at 31 December 2022	5,680
Deferred tax credited to profit or loss during the year	993
Gross deferred tax assets at 31 December 2023	6,673
Deferred tax charged to profit or loss during the period (unaudited)	(464)
Gross deferred tax assets at 30 September 2024 (unaudited)	6,209

The Company

	Lease liabilities
	RMB'000
Gross deferred tax assets at the date of incorporation, 24 May 2022	–
Deferred tax credited to profit or loss during the period	5,680
Gross deferred tax assets at 31 December 2022	5,680
Deferred tax charged to profit or loss during the year	(5,680)
Gross deferred tax assets at 31 December 2023	–

Deferred tax liabilities

The Group

	Right-of-use assets
	RMB'000
Gross deferred tax liabilities at the date of incorporation, 24 May 2022	–
Deferred tax charged to profit or loss during the period	5,680
Gross deferred tax liabilities at 31 December 2022	5,680
Deferred tax charged to profit or loss during the year	993
Gross deferred tax liabilities at 31 December 2023	6,673
Deferred tax credited to profit or loss during the period (unaudited)	(464)
Gross deferred tax liabilities at 30 September 2024 (unaudited)	6,209

The Company

	Right-of-use assets
	RMB'000
Gross deferred tax liabilities at the date of incorporation, 24 May 2022	–
Deferred tax charged to profit or loss during the period	5,680
Gross deferred tax liabilities at 31 December 2022	5,680
Deferred tax credited to profit or loss during the year	(5,680)
Gross deferred tax liabilities at 31 December 2023	–

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statements of financial position.

Deferred tax assets have not been recognised in respect of the following items:

The Group

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*
Tax losses	57,244	420,223	432,250
Deductible temporary differences	11	942	2,329
Total	57,255	421,165	434,579

The above tax losses are available for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be utilised.

The Group has tax losses of RMB57,244,000, RMB420,223,000 and RMB432,250,000 as at 31 December 2022 and 2023 and 30 September 2024, respectively, that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

18. INVENTORIES

The Group

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*
Finished goods	–	78,355	288,838
Raw materials	1,532	80,634	93,693
Work in progress	–	30,466	42,316
	1,532	189,455	424,847
Provision for impairment of inventories	–	–	(857)
Total	1,532	189,455	423,990

The movements in the provision for impairment of inventories are as follows:

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*
At beginning of year/period	–	–	–
Impairment losses recognised, net	–	–	857
At end of year/period	–	–	857

The Company

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*
Raw materials	1,532	43	43

19. TRADE AND BILLS RECEIVABLES

The Group

An analysis of trade and bills receivables is as follows:

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*
Bills receivable	–	–	357
Trade receivables	–	20,703	168,472
	–	20,703	168,829
Impairment	–	(442)	(6,553)
Net carrying amount	–	20,261	162,276

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally from 30 to 60 days, extending up to 90 days under the terms of FOB and CIF. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. The credit enhancement of the Group is guaranteed by China Export & Credit Insurance Corporation for the majority of the Group's international businesses. Trade receivables are non-interest-bearing.

An ageing analysis of trade receivables as at 31 December 2022 and 2023 and 30 September 2024, based on the past due information and net of loss allowance, is as follows:

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*
Current	–	19,436	110,515
Within 3 months	–	754	41,603
Over 3 months and within 6 months	–	71	5,105
Over 6 months and within 9 months	–	–	4,377
Over 9 months and within 1 year	–	–	319
Total	–	20,261	161,919

The movements in the loss allowance for impairment of trade receivables are as follows:

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*
At beginning of year/period	–	–	442
Impairment losses recognised, net	–	442	6,111
At end of year/period	–	442	6,553

Simplified approach is used to measure expected credit losses when performing impairment analysis at each reporting date. Since the ageing of trade receivables is within one year, the Group considers the probability of default of comparable companies with published credit ratings, as well as the background and credit profile of each client. As at 31 December 2023 and 30 September 2024, the probability of default applied ranged from 0.17% to 3.26% and from 3.17% to 3.26%, respectively, and the loss given default was estimated to be 63.6% and 63.55%, respectively. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group writes off trade receivables when there is information indicating that the counterparty is in severe financial difficulties and there is no realistic prospect of recovery, e.g., when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, whichever occurs sooner, taking into account legal advice where appropriate.

The Company

An analysis of trade receivables is as follows:

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*
Trade receivables	–	414	414
Impairment	–	(14)	(13)
Net carrying amount	–	400	401

An ageing analysis of trade receivables as at 31 December 2022 and 2023 and 30 September 2024, based on the billing date and net of loss allowance, is as follows:

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*
Within 1 year	–	400	–
Over 1 year	–	–	401
Total	–	400	401

The movements in the loss allowance for impairment of trade receivables are as follows:

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*
At beginning of year/period	–	–	14
Impairment losses recognised/(reversal of impairment loss), net	–	14	(1)
At end of year/period	–	14	13

20. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*
Current:			
Value-added tax recoverable	2,130	48,989	97,931
Prepayments	4,642	6,584	21,049
Deposits	2,094	7,465	8,898
Others	209	536	1,453
	9,075	63,574	129,331
Impairment allowance	(7)	(65)	(62)
Total	9,068	63,509	129,269
Non-current:			
Prepayments to acquire non-current assets	–	1,428	1,643
	9,068	64,937	130,912

The movements in the loss allowance for impairment of other receivables and other assets are as follows:

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*
At beginning of year/period	–	7	65
Impairment losses recognised/(reversal of impairment loss), net	7	58	(3)
At end of year/period	7	65	62

An impairment analysis was performed at the end of each of the Relevant Periods and the nine months ended 30 September 2024. The ECLs of the financial assets included in other receivables and other assets were measured based on the 12-month expected credit losses if they were not past due and there was no information indicating that the financial assets had a significant increase in credit risk since initial recognition. The calculation reflected the probability-weighted outcome, the time value of money and reasonable and supportable information that was available at the end of each of the Relevant Periods and the nine months ended 30 September 2024 about past events, current conditions and forecasts of future economic conditions.

The Company

	As at 31 December		As at 30 September
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*
Current:			
Due from subsidiaries	–	184,991	334,195
Value-added tax recoverable	2,127	3,142	3,346
Prepayment	4,593	470	1,025
Deposits	2,094	238	238
Others	209	73	71
	9,023	188,913	338,875
Impairment allowance	(7)	(6,141)	(10,941)
	9,016	182,772	327,934
Non-current:			
Prepayments to acquire long-term assets	–	–	140
Total	9,016	182,772	328,074

The movements in the loss allowance for impairment of other receivables and other assets are as follows:

	As at 31 December		As at 30 September
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*
At beginning of year/period	–	7	6,141
Impairment losses recognised, net	7	6,134	4,800
At end of year/period	7	6,141	10,941

21. CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND DEPOSITS

The Group

	As at 31 December		As at 30 September
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*
Cash and bank balances	355,645	236,874	299,606
Pledged deposits and restricted cash	–	136	725
Subtotal	355,645	237,010	300,331
Less: Interest receivable on bank deposits	(986)	(3,568)	(5,895)
Restricted cash	–	(79)	(182)
Pledged deposits for derivative financial instruments	–	–	(473)
Pledged deposits	–	(57)	(70)
Cash and cash equivalents	354,659	233,306	293,711

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*
Denominated in:			
RMB	354,659	204,749	199,481
EUR	–	23,930	39,310
USD	–	3,377	31,355
GBP	–	1,178	9,652
AUD	–	72	8,901
Others	–	–	5,012
Total	354,659	233,306	293,711

The Group was required to place certain bank borrowing proceeds in designated bank accounts. The deposits can only be used for the payment of development costs incurred by Sigenergy Light Storage project. As at 31 December 2023 and 30 September 2024, such deposits amounted to RMB79,000 and RMB182,000, respectively.

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earns interest at fixed rates between 1% and 2%. The bank balances are deposited with creditworthy banks with no history of default. The carrying amounts of the cash and cash equivalents approximate to their fair values.

The Company

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*
Cash and bank balances	350,696	191,001	164,271
Less: Interest receivable on bank deposits	(986)	(3,568)	(5,895)
Cash and cash equivalents	349,710	187,433	158,376
Denominated in:			
RMB	349,710	187,433	158,376

22. TRADE PAYABLES

An ageing analysis of trade payables as at the end of each of the Relevant Periods and the nine months ended 30 September 2024, based on the invoice date, is as follows:

The Group

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*
Within 1 year	276	75,848	187,916
1 to 2 years	–	13	174
Total	276	75,861	188,090

The Company

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*
Within 1 year	276	83	28
1 to 2 years	–	13	17
Total	276	96	45

The trade payables are non-interest-bearing and are normally settled on terms of 30 to [90] days.

23. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*
Salaries and benefits payable	9,388	35,050	51,240
Tax payable other than income tax	587	1,304	27,805
Accrued expenses	2,413	7,983	16,590
Payables for property, plant and equipment	1,198	9,211	10,392
Government grants	–	500	7,100
Others	129	1,196	539
Total	13,715	55,244	113,666

The Company

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*
Salaries and benefits payable	9,388	4,102	7,038
Payables for property, plant and equipment	1,198	308	536
Accrued expenses	611	624	343
Tax payable other than income tax	586	137	190
Others	98	11	1
Total	11,881	5,182	8,108

Other payables are unsecured, interest-free and repayable on demand.

24. CONTRACT LIABILITIES

The Group

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*
Short-term advances received from customers:			
Sale of goods	–	7,940	14,272
Sales rebates	–	766	29,393
Total	–	8,706	43,665

25. INTEREST-BEARING BANK BORROWINGS

The Group

The effective interest rates and maturities of the borrowings are as follows:

	As at 31 December 2023		
	Effective interest rate	Maturity	
	(%)		*RMB'000*
Current			
Bank loans — unsecured	2.7 to 3.0	On demand	53,382
Bank loans — unsecured	3.0	2024	148,619
			202,001
Non-current			
Bank loans — unsecured	3.0	2025	1,500
Total			203,501

	As at 30 September 2024		
	Effective interest rate	Maturity	
	(%) *(Unaudited)*	*(Unaudited)*	*RMB'000* *(Unaudited)*
Current			
Bank loans — unsecured	2.7 to 3.0	On demand	53,937
Bank loans — unsecured	3.0	2024-2025	280,239
Total			334,176

The carrying amounts of borrowings are denominated in RMB.

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*
Analysed into:			
Bank loans repayable:			
Within one year	–	202,001	334,176
In the second year	–	1,500	–
Total	–	203,501	334,176

	As at 30 September 2024		
	Effective interest rate	Maturity	
	(%)		*RMB'000*
	(Unaudited)	*(Unaudited)*	*(Unaudited)*
Current			
Bank loans — unsecured	3.0	2025	500

26. PROVISION

The Group

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
			(Unaudited)
Product warranties	–	1,234	14,517

The Group provides warranties on products and undertakes to repair or replace items that fail to perform satisfactorily. Provision was made for estimated warranty claims in respect of products sold which were still under warranty at the end of each of the Relevant Periods and 30 September 2024. The amount of the provision for the warranties is estimated based on sales volumes and past experience of the level of repairs and returns. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

27. PAID-IN CAPITAL

The Company was incorporated in the PRC on 24 May 2022 with initial registered capital of RMB10,000,000. For the period from 24 May 2022 to 31 December 2022, the Company received capital contributions of RMB1,500,000, RMB3,000,000, RMB1,667,000 and RMB500,000 from Ms. Cao Keling, Mailin (Shanghai) Enterprise Management Partnership (Limited Partnership) ("Shanghai Mailin"), Qianzhusong (Shanghai) Enterprise Management Partnership (Limited Partnership) ("Shanghai Qianzhusong") and Maita New Energy (Shanghai) Technology Partnership (Limited Partnership) ("Shanghai Maita"), respectively.

On 30 June 2022, the Company underwent the Series Seed pre-[**REDACTED**] ("pre-[**REDACTED**]") investment, through which Shanghai Yusong Enterprise Management Partnership Enterprise (Limited Partnership) ("Shanghai Yusong") and Hainan Jiefeng Technology Consultancy Partnership Enterprise (Limited Partnership) ("Jiefeng Technology") subscribed the registered capital amounting to RMB368,421 and RMB157,895, respectively, at a consideration of RMB9.5 per registered capital.

On 20 July 2022, the Company underwent the Series A1 pre-[**REDACTED**] investment, through which Zhuhai Meiheng Equity Investment L.P. ("Zhuhai Meiheng") and Guangzhou Huaxin Shengjing Innovation Investment Center (Limited Partnership) ("Guangzhou Huaxin") subscribed the registered capital amounting to RMB2,105,263 and RMB1,052,631, respectively, at a consideration of RMB47.5 per registered capital.

On 7 November 2022, the Company underwent the Series A2 pre-[**REDACTED**] investment, through which Zhuhai Meiheng, Guangzhou Huaxin, Andaman International Limited and Shanghai Yuzai Enterprise Management Partnership Enterprise (Limited Partnership) ("Shanghai Yuzai") subscribed the registered capital amounting to RMB1,368,421, RMB855,263, RMB513,158 and RMB342,105, respectively, at a consideration of RMB58.5 per registered capital. Concurrently, Shanghai Qianzhusong, Shanghai Mailin and Shanghai Maita subscribed the registered capital amounting to RMB372,515, RMB1,117,543 and RMB372,515, respectively, at a consideration of RMB1 per share.

On 22 December 2022, the Company underwent the Series A3 pre-[**REDACTED**] investment, through which Suzhou V Fund Investment Management Partnership Enterprise (Limited Partnership) ("Suzhou V Fund"), Jinan V Fund Shunhe Equity Investment Fund Partnership (Limited Partnership) ("Jinan V Fund"), Gongqingcheng Yunteng Investment Management Partnership Enterprise (Limited Partnership) ("Gongqingcheng Yunteng"), Jiaxing Dingyun Innovation Investment Partnership Enterprise (Limited Partnership) ("Jiaxing Dingyun") and Xiamen Xiaoyu Qingcheng Innovation Investment Partnership Enterprise (Limited Partnership) ("Xiamen Xiaoyu") subscribed the registered capital amounting to RMB156,456, RMB223,509, RMB290,561, RMB670,526 and RMB223,509, respectively, at a consideration of RMB134.2 per registered capital.

During the Relevant Periods, the Company received capital contributions of RMB396,863,000 and RMB553,530,000, respectively, from the abovementioned Pre-[**REDACTED**] investors. The capital contributions increased the paid-in capital and capital reserve by RMB10,190,000 and RMB536,672,000, respectively.

On 27 December 2023, the Company underwent the Series B pre-[**REDACTED**] investment, through which Hangzhou Yiyun Hangshi Xingyan Venture Capital Partnership (Limited Partnership) ("Hangzhou Yiyun"), Yongkang Guohe Yaoneng Venture Capital Partnership (Limited Partnership) ("Guohe Yaoneng") and Yongkang Xingxu New Energy Technology Partnership Enterprise (Limited Partnership) ("Xingxu New Energy") subscribed the registered capital amounting to RMB371,926, RMB53,132 and RMB318,794, at a consideration of RMB188.2 per registered capital, to, respectively. Concurrently, Shanghai Qianzhusong and Shanghai Mailin subscribed the registered capital amounting to RMB265,662 and RMB796,985, respectively, at a consideration of RMB1 per registered capital.

On 31 January 2024, the Company underwent the Series B1 pre-[**REDACTED**] Investment, though which to Hangzhou TTGG Zhixin Venture Capital Partnership (Limited Partnership) ("TTGG Ventures") subscribed the registered capital amounting to RMB159,397 at a consideration of RMB188.2 per registered capital.

For the nine months ended 30 September 2024, the Company received capital contributions of RMB170,000,000 from the investors of Series B and B1 pre-[**REDACTED**] Investment. The capital contributions increased the paid-in capital and capital reserve by RMB904,000 and RMB169,096,000, respectively.

Paid-in capital:

	RMB'000
As at 24 May 2022 (date of incorporation)	–
Capital contribution by shareholders	15,450
At 31 December 2022 and 1 January 2023	15,450
Capital contribution by shareholders	1,407
At 31 December 2023 and 1 January 2024	16,857
Capital contribution by shareholders (unaudited)	904
At 30 September 2024 (unaudited)	17,761

28. SHARE-BASED PAYMENTS

Expenses arising from equity-settled share-based payment transactions are as follows:

	Period from 24 May 2022 to 31 December	Year ended 31 December	Nine months ended 30 September	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000* *(Unaudited)*
Share Incentive Schemes *(a)*	2,025	32,155	23,904	33,970
Non-proportional capital injection *(b)*	35,228	91,799	–	–
Total	37,253	123,954	23,904	33,970

Share-based payment expenses relating to employees recognised for the Relevant Periods and the nine months ended 30 September 2023 and 2024 are as follows:

	Period from 24 May 2022 to 31 December	Year ended 31 December	Nine months ended 30 September	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000* *(Unaudited)*
Research and development expenses	1,956	21,923	16,442	17,245
Selling expenses	69	5,478	4,108	12,208
Administrative expenses	35,228	95,706	2,930	3,898
Cost of sales	–	847	424	619
Total	37,253	123,954	23,904	33,970

Notes:

(a) Share Incentive Schemes

To incentivize and reward eligible participants who contribute to the Group's operations, the Company's controlling shareholder, Mr. Xu Yingtong, has implemented a series of employee incentive programs (the "Share Incentive Schemes") through multiple employee shareholding platforms. Eligible participants of the schemes, including members of senior management, mid-level managers and other employees of the Group, and approved by the Company through board resolutions. The controlling shareholder of the Company acted as the general partner of these platforms, and had the right to determine the eligible participants and vesting criteria, and was obliged to repurchase the shares of the resigned eligible participants at subscription prices and then reallocate these shares to other eligible participants.

On 30 September 2022, 30 October 2022, 1 November 2022, 31 December 2022, 31 May 2023, 31 October 2023 and 1 December 2023, 73,500 shares, 679,350 shares, 52,500 shares, 278,722 shares, 278,087 shares, 278,985 shares and 63,000 shares of the Company were granted to eligible participants through the employee shareholding platforms of the schemes at subscription prices of RMB4.76 per share, RMB4.76 per share, RMB4.76 per share, RMB4.76 per share, RMB13.33 per share, RMB13.33 per share and RMB13.33 per share, respectively. The grant date fair values of the shares of the Share Incentive Schemes were RMB54.10 per share, RMB54.14 per share, RMB54.14 per share, RMB129.49 per share, RMB175.65 per share, RMB175.87 per share and RMB175.87 per share, respectively, by reference to investors' recent capital injection prices. The difference between the fair value of the shares granted and the subscription price was recorded in the share option reserve within equity with the corresponding "equity-settled share-based payment expenses" in profit or loss.

The shares held by the employee shareholding platforms of the Share Incentive Schemes will vest at the date of successful [**REDACTED**] of the shares of the Company. Therefore, service conditions are included in assumptions about the number of equity instruments that are expected to vest. The vesting period will be reviewed and determined by management and the related expense is recognised over the vesting period, which is from the date of grant to the expected [**REDACTED**].

Movements in the number of equity interests shares granted and the respective weighted average grant date fair value were as follows:

	Period from 24 May 2022 to 31 December		Year ended 31 December		Nine months ended 30 September			
	2022		2023		2023		2024	
	Weighted average grant date fair value	Number of shares	Weighted average grant date fair value	Number of shares	Weighted average grant date fair value	Number of shares	Weighted average grant date fair value	Number of shares
	RMB per share		*RMB per share*		*RMB per share* *(Unaudited)*	*(Unaudited)*	*RMB per share* *(Unaudited)*	*(Unaudited)*
At the beginning of the year/period	–	–	73.51	1,084,073	73.51	1,084,073	103.85	1,640,237
Granted during the year/period	73.51	1,084,073	162.50	620,072	145.37	278,088	–	–
Forfeited during the year/period	–	–	151.10	(63,908)	137.77	(39,071)	54.37	(84,000)
At the end of the year/period	73.51	1,084,073	103.85	1,640,237	86.60	1,323,090	106.53	1,556,237

The fair value of equity-settled share options granted during the reporting period was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	Period from 24 May 2022 to 31 December	Year ended 31 December
	2022	2023
Expected volatility (%)	70.21-71.1	66.03-67.96
Risk-free interest rate (%)	2.68-2.79	2.64-2.81
Expected life of options (year)	10	10
Weighted average share price (RMB per share)	58.46-134.22	157.73-188.21

The expected life of the options is based on the terms in the agreement and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

(b) Non-proportional capital injection

Concurrently with the Series A2 pre-[**REDACTED**] investment, pursuant to the Series A2 pre-[**REDACTED**] capital increase agreement dated 7 November 2022, Shanghai Mailin, Shanghai Maita and Shanghai Qianzhusong (together, the "Shareholder Group A") subscribed the registered capital amounting to RMB1,117,543, RMB372,515 and RMB372,515, respectively, at the consideration of RMB1 per registered capital. The grant date fair value of the shares on the same date was RMB54.14 per registered capital, which was determined based on investors' recent capital injection price. The shares held by Shareholder Group A increased by 955,120 through non-proportional capital injection. The difference between the fair value of the registered capital granted and the subscription price was recorded in the share option reserve within equity with the corresponding "equity-settled share-based payment expenses" in profit or loss.

Concurrently with the Series B pre-[**REDACTED**] investment, pursuant to the Series B pre-[**REDACTED**] capital increase agreement dated 27 December 2023, Shanghai Mailin and Shanghai Qianzhusong subscribed the registered capital amounting to RMB796,985 and RMB265,662, respectively, at the consideration of RMB1 per registered capital. The grant date fair values of the shares on the same date was RMB175.87 per registered capital, which was determined based on investors' recent capital injection price. The shares held by Shanghai Mailin and Shanghai Qianzhusong increased by 613,722 through non-proportional capital injection. The difference between the fair value of the registered capital granted and the subscription price was recorded in the share option reserve within equity with the corresponding "equity-settled share-based payment expenses" in profit or loss.

29. RESERVES

The Group

The amounts of the Group's reserves and the movements therein for the Relevant Periods and the nine months ended 30 September 2024 are presented in the consolidated statements of changes in equity.

(i) Capital reserve

The capital reserve account represents the difference between the value of the paid-up capital and the consideration received.

(ii) Exchange fluctuation reserve

The exchange fluctuation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the Group's presentation currency.

(iii) Share option reserve

The share-based payment reserve represents the equity-settled share awards as set out in note 28 to the Historical Financial Information and the unaudited Interim Financial Information.

The Company

The amounts of the Company's reserve and the movements therein for the Relevant Periods and the nine months ended 30 September 2024 are presented as follows:

	Capital reserve	Share option reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the date of incorporation, 24 May 2022	–	–	–	–
Total comprehensive loss for the period	–	–	(74,344)	(74,344)
Capital contribution from shareholders	388,079	–	–	388,079
Equity-settled share-based payment *(note 28)*	–	37,253	–	37,253
At 31 December 2022 and 1 January 2023	388,079	37,253	(74,344)	350,988
Total comprehensive loss for the year	–	–	(124,675)	(124,675)
Capital contribution from shareholders	148,593	–	–	148,593
Equity-settled share-based payment *(note 28)*	–	123,954	–	123,954
At 31 December 2023 and 1 January 2024	536,672	161,207	(199,019)	498,860
Total comprehensive loss for the period (unaudited)	–	–	(34,275)	(34,275)
Capital contribution from shareholders (unaudited)	167,414	–	–	167,414
Equity-settled share-based payment *(note 28)* (unaudited)	–	33,970	–	33,970
At 30 September 2024 (unaudited)	704,086	195,177	(233,294)	665,969

30. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the period from 24 May 2022 to 31 December 2022, the year ended 31 December 2023 and the nine months ended 30 September 2023 and 2024, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB24,894,000, RMB34,280,000, RMB34,280,000 and RMB6,450,000, respectively, in respect of lease arrangements for properties.

(b) Changes in liabilities arising from financing activities

	Lease liabilities	Interest-bearing bank borrowings	Total
	RMB'000	*RMB'000*	*RMB'000*
At the date of incorporation, 24 May 2022	–	–	–
Changes from financing cash flows	(1,351)	–	(1,351)
New leases *(note 14)*	23,704	–	23,704
Interest expense *(note 7)*	367	–	367
At 31 December 2022 and 1 January 2023	22,720	–	22,720
Changes from financing cash flows	(9,724)	201,080	191,356
New leases *(note 14)*	32,151	–	32,151
Reassessment of a change in lease terms *(note 14)*	(19)	–	(19)
Interest expense *(note 7)*	2,334	2,421	4,755
At 31 December 2023 and 1 January 2024	47,462	203,501	250,963
Changes from financing cash flows (unaudited)	(11,148)	124,330	113,182
New leases *(note 14)* (unaudited)	6,343	–	6,343
Reassessment of a change in lease terms *(note 14)* (unaudited)	725	–	725
Interest expense *(note 7)* (unaudited)	1,669	6,345	8,014
At 30 September 2024 (unaudited)	45,051	334,176	379,227

(c) Total cash outflow for leases

The total cash outflow for leases included in the statements of cash flows is as follows:

	Period from 24 May 2022 to 31 December	Year ended 31 December	Nine months ended 30 September	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000* *(Unaudited)*
Within operating activities	143	559	303	766
Within financing activities	1,351	9,724	5,400	11,148
Total	1,494	10,283	5,703	11,914

31. COMMITMENTS

The Group had the following contractual commitments at the end of each of the Relevant Periods and the nine months ended 30 September 2024:

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*
Property, plant and equipment	34,347	40,046	37,181
Lease contracts that have not yet commenced	–	45	6,250
Total	34,347	40,091	43,431

32. RELATED PARTY TRANSACTIONS

(1) Outstanding balances with related parties

The Company

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*
Subsidiaries:			
Trade — related			
Trade receivables	–	414	414
Less: Impairment allowance	–	(14)	(13)
	–	400	401
Non-trade — related			
Other receivables	–	184,991	334,195
Less: Impairment allowance	–	(6,142)	(10,928)
	–	178,849	323,267
Total	–	179,249	323,668

(2) Compensation of key management personnel of the Group:

	As at 31 December		As at 30 September	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000* *(Unaudited)*
Fees	–	–	–	–
Salaries, bonuses, allowances and benefits in kind	2,980	8,000	4,880	5,330
Equity-settled share-based payments	35,515	96,703	3,677	1,230
Pension scheme contributions	320	1,110	810	870
Total compensation paid to key management personnel	38,815	105,813	9,367	7,430

Further details of directors', chief executive's and the supervisors' emoluments are included in note 8 to the Historical Financial Information and the unaudited Interim Financial Information.

33. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods and 30 September 2024 are as follows:

The Group

As at 31 December 2022

Financial assets

	Financial assets at amortised cost
	RMB'000
Financial assets included in prepayments, other receivables and other assets	2,296
Cash and bank balance	355,645
Total	357,941

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade payables	276
Financial liabilities included in other payables and accruals	3,740
Total	4,016

As at 31 December 2023

Financial assets

	Financial assets at amortised cost
	RMB'000
Trade receivables	20,261
Financial assets included in prepayments, other receivables and other assets	7,936
Cash and bank balance	237,010
Total	265,207

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade payables	75,861
Financial liabilities included in other payables and accruals	18,390
Interest-bearing bank borrowings	203,501
Total	297,752

As at 30 September 2024

Financial assets

	Financial assets at amortised cost
	RMB'000
	(Unaudited)
Trade receivables and bills receivable	162,276
Financial assets included in prepayments, other receivables and other assets	10,289
Cash and bank balance	300,331
Total	472,896

Financial liabilities

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
	(Unaudited)	*(Unaudited)*	*(Unaudited)*
Trade payables	–	188,090	188,090
Financial liabilities included in other payables and accruals	–	27,521	27,521
Interest-bearing bank borrowings	–	334,176	334,176
Derivative financial instruments at fair value through profit or loss	2	–	2
Total	2	549,787	549,789

34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and bank balances, trade and bills receivables, trade payables, financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables and accruals, interest-bearing bank borrowings and derivative financial instruments at fair value through profit or loss approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance department headed by the General Manager of Finance is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the General Manager of Finance.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with AAA credit ratings. Derivative financial instruments, including forward currency contracts, are measured using valuation techniques similar to forward pricing models, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves. The carrying amounts of forward currency contracts and foreign currency swaps are the same as their fair values.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Liabilities measured at fair value

As at 30 September 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Derivative financial instruments (unaudited)	–	2	–	2

During the Relevant Periods and the nine months ended 30 September 2024, there were no transfers into or out of Level 3 for financial liabilities.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank borrowings and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables and trade payables, which arise directly from its operations.

The Group also enters into derivative transactions, including principally forward currency contracts. The purpose is to manage the interest rate and currency risks arising from the Group's operations and its sources of finance.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

(a) Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. The Group seeks to limit its exposure to foreign currency risk by minimising its net foreign currency position.

The following table demonstrates the sensitivity as at the end of each of the Relevant Periods and nine months ended 30 September 2024 to a reasonably possible change in the EUR, USD, AUD, GBP and ZAR exchange rates, with all other variables held constant, of the Group's loss before tax (due to changes in the fair value of monetary assets and liabilities).

	Increase/(decrease) in rate of foreign currency	**Increase/(decrease) in loss before tax**
	%	*RMB'000*
31 December 2023		
If RMB weakens against EUR	1	987
If RMB strengthens against EUR	(1)	(987)
If RMB weakens against USD	1	117
If RMB strengthens against USD	(1)	(117)
30 September 2024 (unaudited)		
If RMB weakens against EUR	1	5,428
If RMB strengthens against EUR	(1)	(5,428)
If RMB weakens against USD	1	(513)
If RMB strengthens against USD	(1)	513
If RMB weakens against AUD	1	371
If RMB strengthens against AUD	(1)	(371)

(b) Credit risk

The carrying amounts of cash and bank balances, trade and bills receivables and financial assets included in prepayments, other receivables and other assets included in the consolidated statements of financial position represent the Group's maximum exposure to credit risk in relation to its financial assets as at the end of each of the Relevant Periods and nine months ended 30 September 2024. The Group classifies financial instruments on the basis of shared credit risk characteristics, such as instrument types and credit risk ratings, for the purpose of determining significant increases in credit risk and calculating of impairment.

Maximum exposure and staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2022 and 2023 and as at 30 September 2024. The amounts presented are gross carrying amounts for financial assets.

At 31 December 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets included in prepayments, other receivables and other assets					
– Normal**	2,303	–	–	–	2,303
Cash and bank balance	355,645	–	–	–	355,645
Total	357,948	–	–	–	357,948

At 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables*	–	–	–	20,703	20,703
Financial assets included in prepayments, other receivables and other assets					
– Normal**	8,001	–	–	–	8,001
Cash and bank balance	237,010	–	–	–	237,010
Total	245,011	–	–	20,703	265,714

At 30 September 2024 (unaudited)

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables*	–	–	–	168,829	168,829
Financial assets included in prepayments, other receivables and other assets					
– Normal**	10,351	–	–	–	10,351
Cash and bank balance	300,331	–	–	–	300,331
Total	310,682	–	–	168,829	479,511

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the expected credit loss is disclosed in note 19 to the financial statements.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

(c) Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans, lease liabilities and other interest-bearing borrowings.

The maturity profile of the Group's financial liabilities as at the end of each of the Relevant Periods and the nine months ended 30 September 2024, based on contractual undiscounted payments, is as follows:

	As at 31 December 2022		
	Within 1 year	Over 1 year	Total
	RMB'000	RMB'000	RMB'000
Trade payables	276	–	276
Financial liabilities included in other payables and accruals	3,740	–	3,740
Lease liabilities	6,498	18,432	24,930
Total	10,514	18,432	28,946

	As at 31 December 2023		
	Within 1 year	Over 1 year	Total
	RMB'000	RMB'000	RMB'000
Trade payables	75,848	13	75,861
Financial liabilities included in other payables and accruals	18,094	296	18,390
Interest-bearing bank borrowings	203,400	6,414	209,814
Lease liabilities	17,455	34,144	51,599
Total	314,797	40,867	355,664

	As at 30 September 2024		
	Within 1 year	Over 1 year	Total
	RMB'000 *(Unaudited)*	*RMB'000* *(Unaudited)*	*RMB'000* *(Unaudited)*
Trade payables	187,916	174	188,090
Financial liabilities included in other payables and accruals	25,728	1,793	27,521
Interest-bearing bank borrowings	339,303	2,967	342,270
Lease liabilities	20,112	28,013	48,125
Total	573,059	32,947	606,006

(d) Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholder's value.

The Group regards equity attributable to owners of the parent as its capital and manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods and the nine months ended 30 September 2024.

The Group monitors capital using a debt-to-asset ratio which is total liabilities divided by total assets. The debt-to-asset ratios as at the end of each of the Relevant Periods and the nine months ended 30 September 2024 were as follows:

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*
Total liabilities	36,711	392,174	743,561
Total assets	401,306	655,979	1,159,002
Debt-to-asset ratio	9.1%	59.8%	64.2%

36. EVENTS AFTER 30 SEPTEMBER 2024

In December 2024, the Share Incentive Schemes, which was adopted by the Company and took effect in September 2022, was amended. As of the Latest Practicable Date, all Shares subject to the Share Incentive Schemes were granted to, vested and subscribed for by the participants.

In February 2025, to recognise Mr. Xu Yingtong and Mr. Zhang Xianmiao for their contributions to the Company's achievement in milestones in commercialization and capitalization, the Board has resolved to grant them a share incentive scheme, under which Mr. Xu Yingtong and Mr. Zhang Xianmiao subscribed to 874,586 and 291,529 ordinary shares, respectively, at the consideration of RMB1 per ordinary share.

On 13 January 2025, the Company converted into a joint stock company with limited liability under the Company Law of the PRC. The net assets of the Company as of the conversion date, including paid-in capital, reserves and accumulated losses, amounting to approximately RMB691,050,643 were converted into approximately 22,156,188 ordinary shares at RMB1 each. The excess of the net assets converted over the nominal value of the ordinary shares was credited to the Company's capital reserve.

37. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2023.

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

The Articles of Association are considered and approved at the shareholders' meeting of the Company, which shall come into effective and be implemented upon the [**REDACTED**] of the overseas-listed foreign shares of the Company and from the date of its [**REDACTED**] and [**REDACTED**] on the Hong Kong Stock Exchange.

GENERAL PROVISIONS

The Company is a joint stock company with perpetual existence.

All assets of the Company shall be divided into shares of equal value. The shareholders shall bear liability for the Company to the extent of the shares they subscribe for, and the Company shall bear liability for the debts of the Company with all its assets.

From the date on which the Articles of Association come into effect, the Articles of Association shall constitute a legally binding document to the Company, its shareholders, directors, supervisors and senior management, regulating the Company's organization and activities, and the rights and obligations between the Company and each Shareholder and among the Shareholders inter se. Pursuant to the Articles of Association, a shareholder may take legal actions against the other shareholders; a shareholder may take legal actions against the Company's directors, supervisors and senior management; a shareholder may take legal actions against the Company; and the Company may take legal actions against its shareholders, directors, supervisors and senior management.

SHARES

Issuance of Shares

The shares of the Company shall take the form of share certificates.

The issuance of shares by the Company shall adhere to the principles of openness, fairness and impartialness, and each share in the same class shall carry the same rights.

Shares of the same class and in the same issuance shall be issued on the same conditions and at the same price. Any entity or individual shall pay the same price for each of the shares it or he/she subscribes for.

INCREASE, REDUCTION AND REPURCHASE OF SHARES

Capital Increase

The Company may, based on its operational and developmental needs, increase its capital in accordance with the requirements of applicable laws, administrative regulations, departmental rules, normative documents, the securities regulatory rules of the place where the Company's shares are listed and relevant regulatory authorities, and subject to a resolution of the shareholders' meeting, by any of the following methods:

(I) a public offering of shares after approval by relevant authorities;

(II) a non-public offering of shares;

(III) distributing bonus shares to existing shareholders;

(IV) converting the reserved funds into share capital;

(V) other methods stipulated by the laws and administrative regulations and approved by the CSRC and the securities regulatory authorities of the place where the Company's shares are listed.

Capital Reduction

The Company may reduce its registered capital. The reduction of the Company's registered capital shall follow the procedures set forth in the Company Law, the securities regulatory rules of the place where the Company's shares are listed, other relevant regulations and the provisions of the Articles of Association.

Repurchase of Shares

The Company shall not acquire its shares, except under one of the following circumstances:

(I) reducing the registered capital of the Company;

(II) merging with another company holding shares in the Company;

(III) using shares for the employee stock ownership plan or equity incentives;

(IV) acquiring the shares of shareholders (upon their request) who vote against any resolution adopted at the shareholders' meeting on the merger or division of the Company;

(V) using shares for converting convertible corporate bonds into share certificates issued by the Company;

(VI) maintaining corporate value and shareholders' interests as the Company deems necessary;

(VII) other circumstances as permitted by the laws, administrative regulations, departmental rules and the securities regulatory rules of the place where the Company's shares are listed and other provisions.

The Company may acquire its own shares through public and centralized trading or other ways specified by the laws, administrative regulations, the CSRC and the securities regulatory authorities of the place where the Company's shares are [**REDACTED**], and in accordance with the requirements of applicable laws, administrative regulations and departmental rules.

In the event that the Company acquires its own shares under the circumstances set forth in (I) and (II) above, this shall be resolved at a shareholders' meeting; in the event that the Company acquires its own shares under the circumstances set forth in (III), (V) and (VI) above, this shall be resolved at a board meeting with more than two-thirds of directors present.

Following the acquisition by the Company of its own shares in accordance with the above requirements, in case of (I) above, the shares so acquired shall be cancelled within 10 days from the date of acquisition. In the case of (II) or (IV) above, the shares so acquired shall be transferred or cancelled within 6 months.

In the event that the Company acquires its own shares under the circumstances set forth in (III), (V) or (VI) above, the shares so acquired shall not exceed 10% of the total issued shares of the Company and shall be transferred or cancelled within 3 years.

If it is otherwise provided in relevant laws and regulations, normative documents and the securities regulatory rules of the place where the Company's shares are [**REDACTED**] regarding the relevant matters related to the aforesaid repurchase of the shares, without prejudicing the Company Law, the Securities Law and the Hong Kong Listing Rules, such provisions shall prevail.

Transfer of Shares

The shares of the Company may be transferred in accordance with the laws.

The Company does not accept its own shares as the subject of pledges.

Shares of the Company issued prior to the [**REDACTED**] of shares may not be transferred within one year from the date of [**REDACTED**] of the Company's shares [**REDACTED**]. The directors, supervisors and senior management of the Company shall declare to the Company their shareholdings in the Company and the changes thereof and shall not transfer in a given year during their terms of office determined at their assumption of duty more than 25% of the total number of shares of the Company they hold; the shares of the Company held by them shall not be transferred within one year from the date when the shares of the Company are [**REDACTED**] and [**REDACTED**]. Any of the aforesaid persons shall not transfer the shares of the Company held by him/her within half a year from his/her termination of the office. Where it is otherwise provided in the securities regulatory rules of the place where the Company's shares are [**REDACTED**] in respect of restrictions on the transfer of overseas [**REDACTED**] shares, such provisions shall prevail.

SHAREHOLDERS AND SHAREHOLDERS' MEETINGS

Shareholders

The Company shall establish a register of shareholders based on the requirements as stipulated by the Company Law, the securities regulatory rules of the place where the Company's shares are [**REDACTED**], other relevant regulations and the provisions of the Articles of Association. The register of shareholders shall be the sufficient evidence of the shareholders' shareholding in the Company.

Shareholders shall be entitled to relevant rights and assume the relevant obligations in accordance with the class and number of shares they hold; shareholders holding the same class of shares shall be entitled to the same rights and assume the same obligations.

When the Company convenes a shareholders' meeting, distributes dividends, conducts liquidation or performs other activities that require the confirmation of the identity of the shareholders, the Board or the convener of the shareholders' meeting shall determine the record date of shareholding, and shareholders registered in the register of shareholders after market closing on the record date of shareholding shall be the shareholders entitled to the relevant rights and interests.

Rights and Obligations of Shareholders

The shareholders of the Company shall be entitled to the following rights:

(I) to obtain dividends and other forms of profit distribution in proportion according to the number of shares held;

(II) to legally require, convene, preside over, participate in or appoint a shareholder proxy to participate in the shareholders' meeting and exercise corresponding right to speak and voting right (except for situations where voting rights are required to be waived on relevant matters in accordance with the securities regulatory rules of the place where the Company's shares are [**REDACTED**]);

(III) to supervise the Company's business operations, propose recommendations or raise inquiries;

(IV) to transfer, give as gift or pledge their shares in accordance with the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are [**REDACTED**], the Articles of Association and other relevant requirements;

(V) to inspect the Articles of Association, register of shareholders, corporate bond stubs, minutes of shareholders' meetings, resolutions of the Board meetings, resolutions of meetings of the Supervisory Committee, and financial and accounting reports;

(VI) in the event of termination or liquidation of the Company, to participate in the distribution of the Company's remaining assets in proportion to the number of shares they held;

(VII) with respect to a shareholder who votes against any resolution adopted at any shareholders' meetings on the merger or division of the Company, to request the Company to buy back the shares held by he/she/it;

(VIII) other rights stipulated by the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are [**REDACTED**] or the Articles of Association.

Where the contents of a resolution of the shareholders' meeting or the Board of the Company violate the laws or administrative regulations, the shareholders shall be entitled to petition the people's court to declare the resolution invalid.

Where the convening procedures or voting method of a shareholders' meeting or a Board meeting violate the laws, administrative regulations or the Articles of Association, or the contents of a resolution violate the Articles of Association, the shareholders shall be entitled to petition to the people's court for revocation within 60 days from the date it was made, except for those with only minor defects in the convening procedure or voting method of the shareholders' meeting and the Board meetings and those without material impact on resolutions.

Shareholders who have not been notified to attend the shareholders' meeting may apply to the people's court for revocation within sixty days from the date they knew or should have known that the resolution of the shareholders' meeting is made; if the right to revoke is not exercised within one year from the date that the resolution is made, the right to revoke shall be extinguished.

Where the directors or senior management violate the provisions of the laws, administrative regulations or the Articles of Association during the performance of their duties of the Company and cause losses to the Company, the shareholders severally or jointly holding 1% or more shares of the Company for a period of 180 consecutive days or longer may submit a written request to the Supervisory Committee to file a lawsuit with the people's court; where the supervisors violate the provisions of laws, administrative regulations or the Articles of Association in the performance of their duties of the Company and cause losses to the Company, the aforesaid shareholders may submit a written request to the Board to file a lawsuit with the people's court.

If the Supervisory Committee or the Board refuses to file a lawsuit upon receipt of the shareholders' written request specified in the preceding paragraph or does not file a lawsuit within 30 days from receipt of such request, or in the event of emergency where the interest of the Company will suffer irreparable damages if lawsuit is not filed immediately, the shareholders stipulated in the preceding paragraph shall have the right to file a lawsuit directly with the people's court in their own name for the interest of the Company.

Where any other person infringes upon the legitimate rights and interests of the Company and causes losses thereto, the shareholder(s) specified in paragraph 1 of this Article may file a lawsuit with the people's court pursuant to the provisions of the preceding two paragraphs.

Where the directors, supervisors or senior management of a wholly-owned subsidiary of the Company violate the provisions of the laws, administrative regulations or the Articles of Association in their performance of duties and cause losses to the wholly-owned subsidiary or the legitimate rights and interests of the wholly-owned subsidiary are infringed by others, the shareholders specified in paragraph 1 of this Article may request the Supervisory Committee or the board of the wholly-owned subsidiary in writing to file an action with the people's court or, in their own name, directly file a lawsuit with the people's court pursuant to the provisions of the preceding three paragraphs.

Where directors or senior management violate the provisions of laws, administrative regulations or the Articles of Association, damaging the interests of shareholders, the shareholders may file a lawsuit with the people's court.

The shareholders of the Company shall undertake the following obligations:

(I) to comply with the laws, administrative regulations and the Articles of Association;

(II) to make payment for shares subscribed for according to the number of shares subscribed for and the method of subscription;

(III) not to withdraw shares, except for circumstances stipulated by laws and regulations;

(IV) not to abuse shareholders' rights to infringe upon the interests of the Company or other shareholders; not to abuse the Company's status as an independent legal entity or the limited liability of shareholders to damage the interests of the Company's creditors;

(V) other obligations stipulated by the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are [**REDACTED**] and the Articles of Association.

Shareholders of the Company who abuse shareholders' rights and cause damages to the Company or other shareholders shall be liable for compensation pursuant to the laws; shareholders of the Company who abuse the independent legal person status of the Company and shareholders' limited liability to evade debts and severely infringe upon interests of the Company's creditors shall assume joint and several liabilities for the Company's debts.

If shareholders conduct any action stipulated in the preceding paragraph by using two or more companies controlled by him/her, each of the companies shall assume joint and several liability for any one of the company's debts.

Where a shareholder holding 5% or more of the voting shares of the Company pledges any shares in his/her possession, he/she shall make a written report to the Company on the day on which he/she pledges his/her shares.

Restriction on Rights of the Controlling Shareholders

The controlling shareholder, de facto controllers, directors, supervisors and senior management of the Company shall not damage the interests of the Company by making use of their related relationship. Any person who violates this provision and causes losses to the Company shall be liable for compensation.

The controlling shareholder and de facto controllers of the Company have fiduciary duties towards the Company and the [**REDACTED**] shareholders of the Company. The controlling shareholders shall exercise their rights as contributors in strict compliance with the laws. The controlling shareholders shall not infringe the legitimate rights and interests of the Company and the [**REDACTED**] shareholders of the Company through profit distribution, asset restructuring, foreign investment, capital appropriation and loan guarantee, and shall not make use of their controlling status to jeopardize the interests of the Company and the [**REDACTED**] shareholders of the Company.

General Rules for the Shareholder's Meeting

The shareholders' meeting is the organ of authority of the Company, and shall exercise the following functions and powers pursuant to the law:

(I) to elect and replace directors and supervisors who are not employee representatives, and decide on matters related to the remuneration of directors and supervisors;

(II) to consider and approve reports of the Board;

(III) to consider and approve reports of the Supervisory Committee;

(IV) to consider and approve the Company's profit distribution proposals and loss recovery proposals;

(V) to resolve on the increase or reduction of the registered capital of the Company;

(VI) to resolve on the issuance and repurchase of the corporate bonds, any equity interest or other debt financing instruments;

(VII) to resolve on merger, division, dissolution and liquidation of the Company or change of its corporate form;

(VIII) to amend the Articles of Association;

(IX) to resolve on the engagement and dismissal of accounting firms by the Company;

(X) to consider and approve the matters concerning guarantees as specified below;

(XI) to consider matters regarding the Company's purchase or sale of material assets within one year in excess of 30% of the latest audited total assets of the Company;

(XII) to consider the proposals raised by the shareholders individually or in aggregate holding more than 1% of the voting shares of the Company;

(XIII) to consider and approve transactions between the Company and the connected persons that are required to be submitted to the shareholders' meeting for approval under the Hong Kong Listing Rules;

(XIV) to consider other issues that should be decided by the shareholders' meeting as stipulated by the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's Shares are [**REDACTED**] or the Articles of Association.

The aforesaid functions and powers of the shareholders' meeting shall not be exercised by the Board or other institutions and individuals by means of authorization. However, the shareholders' meeting of the Company may authorize the Board to resolve on the issuance of the corporate bonds.

The following external guarantees of the Company shall be considered and approved by the shareholders' meeting:

(I) any guarantee provided after the total amount of external guarantees provided by the Company and its controlling subsidiaries exceeds 50% of the latest audited net assets;

(II) any guarantee provided after the total amount of external guarantees provided by the Company exceeds 30% of the latest audited total assets;

(III) any guarantee provided by the Company within one year with a guaranteed amount exceeding 30% of the latest audited total assets of the Company;

(IV) any guarantee provided for a target party whose asset-liability ratio is over 70%;

(V) any guarantee with a single guaranteed amount exceeding 10% of the latest audited net assets;

(VI) any guarantee provided to shareholders, de facto controllers and their connected persons;

(VII) other external guarantees that should be considered by the shareholders' meeting as stipulated by the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's Shares are [**REDACTED**] and the Articles of Association.

The consideration procedures for external guarantees specified in the preceding paragraph do not apply to guarantees provided by the Company to its subsidiaries, guarantees provided by the subsidiaries to the Company and guarantees between the subsidiaries.

The shareholders' meetings include annual shareholders' meetings and extraordinary shareholders' meetings. The annual shareholders' meeting shall be convened once a year, and be held within 6 months after the end of the previous accounting year.

The Company shall convene the extraordinary shareholders' meeting within two months from the date of occurrence of any of the following circumstances:

(I) the number of directors is less than the number required by the Company Law or less than two-thirds of the number stipulated in the Articles of Association;

(II) the outstanding losses of the Company amount to one-third of the total paid-in share capital;

(III) when shareholders who individually or in aggregate hold more than 10% of the Company's Shares request to do so;

(IV) when deemed necessary by the Board;

(V) when proposed by the Supervisory Committee;

(VI) other circumstances as stipulated by the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are [**REDACTED**] or the Articles of Association.

Convening of the Shareholders' Meeting

The shareholders' meeting shall be convened by the Board according to the laws.

Independent non-executive Directors are entitled to propose to the Board on convening of the extraordinary shareholders' meeting. Where independent non-executive Directors propose to convene the extraordinary shareholders' meeting, the Board shall, in accordance with the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are [**REDACTED**] and the Articles of Association, reply in writing on whether or not to approve the convening of the extraordinary shareholders' meeting within 10 days upon the receipt of the proposal. Where the Board agrees to convene the extraordinary shareholders' meeting, a notice on the convening of the shareholders' meeting shall be issued within 5 days after the resolution is passed by the Board; where the Board does not agree to convene the extraordinary shareholders' meeting, it shall explain the reasons thereof.

The Supervisory Committee is entitled to propose to the Board on convening of the extraordinary shareholders' meeting and such proposal shall be made in writing to the Board. The Board shall, in accordance with the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are [**REDACTED**] and the Articles of Association, reply in writing on whether or not to approve the convening of the extraordinary shareholders' meeting within 10 days upon the receipt of the proposal.

Where the Board agrees to convene the extraordinary shareholders' meeting, a notice on the convening of the shareholders' meeting shall be issued within 5 days after the resolution is passed by the Board, and the changes made to the original proposal in the notice shall be approved by the Supervisory Committee.

Where the Board does not agree to convene the extraordinary shareholders' meeting, or fails to reply within 10 days upon the receipt of the proposal, the Board shall be deemed as not being able to perform or not to perform its duty to convene the shareholders' meeting, and the Supervisory Committee may convene and preside over such meeting on its own.

Shareholders individually or in aggregate holding more than 10% of the Company's shares shall have the right to request the Board to convene the extraordinary shareholders' meeting and such request shall be made in writing to the Board. The written request should state the subject of the meeting and present a complete proposal. The Board shall, in accordance with the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are [**REDACTED**] and the Articles of Association, reply in writing on whether or not to approve the convening of the extraordinary shareholders' meeting within 10 days upon the receipt of the request.

Where the Board agrees to convene the extraordinary shareholders' meeting, a notice on the convening of the shareholders' meeting shall be issued within 5 days after the resolution is passed by the Board, and the changes made to the original request in the notice shall be approved by relevant shareholders. Where it is otherwise provided in the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are [**REDACTED**], such provisions shall prevail.

Where the Board does not agree to convene the extraordinary shareholders' meeting, or fails to reply within 10 days upon the receipt of the request, shareholders individually or in aggregate holding more than 10% of the Company's shares shall have the right to propose to the Supervisory Committee to convene the extraordinary shareholders' meeting and such request shall be made to the Supervisory Committee in writing.

The Supervisory Committee shall, in accordance with the laws, administrative regulations and the Articles of Association, reply in writing on whether or not to approve the convening of the extraordinary shareholders' meeting within 10 days upon the receipt of the request. Where the Supervisory Committee agrees to convene the extraordinary shareholders' meeting, a notice on the convening of the shareholders' meeting shall be issued within 5 days after the resolution is passed by the Supervisory Committee, and the changes made to the original request in the notice shall be approved by relevant shareholders.

Where the Supervisory Committee does not agree to convene the extraordinary shareholders' meeting, or fails to reply in writing within 10 days upon the receipt of the request, shareholders individually or in aggregate holding more than 10% of the Company's shares for more than 90 consecutive days may convene and preside over such meeting on its own.

If the Supervisory Committee or any shareholder(s) decides to convene the shareholders' meeting on its/their own, the Supervisory Committee or the relevant shareholder(s) shall notify the Board in writing.

Prior to the formation of the resolutions at the shareholders' meeting, the shareholding of the shareholders convening such meeting shall not be less than 10%.

Proposals of Shareholders' Meetings

When the Company convenes a shareholders' meeting, the Board, the Supervisory Committee and the shareholders severally or jointly holding 1% or more of the shares of the Company shall be entitled to make proposals to the Company.

The shareholders severally or jointly holding 1% or more of the shares of the Company may make provisional proposals and submit them in writing to the convener 10 days prior to the convening of the shareholders' meeting. The convener shall issue a supplementary notice of the shareholders' meeting and announce the contents of such provisional proposals within 2 days upon receipt thereof, unless the provisional proposals do not comply with the provision of the Articles of Association.

Except as provided by the preceding paragraph and the laws, administrative regulations and the securities regulatory rules of the place where the Company's shares are [**REDACTED**], the convener shall not amend the proposals already specified in the notice of the shareholders' meeting or add new proposals subsequent to the issue of the notice of the shareholders' meeting.

The shareholders' meeting shall not vote or resolve on any proposals which are not contained in a notice of the shareholders' meeting or are not in compliance with the Articles of Association.

Notices of Shareholder's Meetings

The convener shall notify all shareholders at least 21 days prior to the date of convening the annual general meeting and at least 15 days prior to the date of convening the extraordinary shareholders' meeting.

When the Company calculates the starting date, the date of the meeting shall be excluded.

Holding of Shareholders' Meetings

All shareholders recorded in the register on the record date or their proxies shall have the right to attend shareholders' meetings, and they are entitled to exercise the rights to speak and vote in accordance with the relevant laws, regulations, the securities regulatory rules of the place where the Company's shares are [**REDACTED**] and the Articles of Association. Shareholders may attend the shareholders' meetings in person or appoint their proxies to attend, speak and vote on their behalf. A proxy does not need to be a shareholder of the Company. Shareholders shall have the right to speak and vote at the shareholders' meetings, unless individual shareholders are required by the securities regulatory rules of the place where the Company's shares are [**REDACTED**] to abstain from voting on specific matters.

An individual shareholder attending the meeting in person shall present his/her identification card or other valid documents or proof of his/her identification and certificate of shareholding. In the case of attendance by a proxy, he/she shall present his/her valid identification document and the proxy form from the shareholder. A corporate shareholder shall be represented by its legal representative or proxy entrusted by its legal representative to attend the meeting. In the case of attendance by legal representatives, they shall present their identity cards and valid proof of their capacities as legal representatives; in the case of attendance by a proxy, he/she shall present his/her identity card and the written proxy form issued in accordance with law by such legal representative of the corporate shareholder, unless the shareholder is a recognized clearing house as defined in the relevant ordinances enacted in Hong Kong from time to time (or its nominee).

If the shareholder is a recognized clearing house as defined in the relevant ordinances enacted in Hong Kong from time to time (or its nominee), the said shareholder may authorize one or more persons as it thinks fit to act as its nominee or representative at any shareholders' meeting (and/or any creditors' meetings); however, where more than one person is authorized, the power of attorney or authorisation shall specify the numbers and classes of shares involved by each of the said persons thus authorized, and shall be signed by the authorized officer of the recognized clearing house. A person so authorized is entitled to attend meetings on behalf of a recognized clearing house (or its nominee) (without presentation of a certificate of shareholding, power of attorney with notarization and/or further evidence of formal authorization), speak and exercise the rights at the meeting, as if the person is an individual shareholder of the Company. Such authorized persons shall be entitled to the same statutory rights as other shareholders, including the rights to speak and vote.

Voting and Resolutions at Shareholders' Meetings

The resolutions of the shareholders' meetings shall be divided into ordinary resolutions and special resolutions. Ordinary resolutions made at a shareholders' meeting shall be approved by more than half of voting rights held by the shareholders (including proxies thereof) attending the shareholders' meeting. Special resolutions made at a shareholders' meeting shall be approved by more than two-thirds of voting rights held by shareholders (including proxies thereof) attending the shareholders' meeting.

The following matters shall be approved by ordinary resolutions at the shareholders' meeting:

(I) work reports of the Board and the Supervisory Committee;

(II) profit distribution plan and plan for covering losses formulated by the Board;

(III) appointment and dismissal of members of the Board and the Supervisory Committee, and their remunerations and the method of payment thereof;

(IV) issuance and repurchase of corporate bonds, any of equity interest or other debt financing instruments;

(V) the Company's annual report;

(VI) appointment or dismissal of the accounting firm;

(VII) Other matters other than those provided by the laws, administrative regulations, the securities regulatory rules of the stock exchange where the Company's shares are [**REDACTED**] or special resolutions which shall be approved by the provisions of the Articles of Association.

The following matters shall be approved by special resolutions at the shareholders' meeting:

(I) the increase or reduction of the registered capital of the Company;

(II) division, spin-off, merger, dissolution and liquidation of the Company and change in the form of the Company;

(III) amendment to the Articles of Association;

(IV) the amount of purchase or disposal of material assets by the Company within one year, or a guaranteed amount exceeding 30% of the latest audited total assets of the Company; the preceding provision shall not apply to the guarantee provided by the Company for its subsidiaries, and the guarantee provided by the subsidiaries for the Company and the guarantee provided among the other subsidiaries;

(V) other matters as required by the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are [**REDACTED**] or the Articles of Association, or confirmed by an ordinary resolution at a shareholders' meeting that it may have a material impact on the Company and shall be passed by special resolutions.

Shareholders (including their proxies) shall exercise voting rights based on the number of shares carrying voting rights that they represent, and there shall be one vote for each share.

Pursuant to the applicable laws, administrative regulations, departmental rules, normative documents and the securities regulatory rules of the place where the Company's shares are listed, where any shareholder shall abstain from voting for any particular resolution, or is restricted to vote only for or against such resolution, any votes in violation of such requirement or restriction by the shareholders (or their proxies) shall not be counted in the voting results.

The shares of the Company held by the Company itself shall carry no voting rights and such part of shares shall not be counted in the total number of voting shares present at the shareholders' meeting.

Where matters relating to related party (connected) transactions (as defined under the Hong Kong Listing Rules) are considered at the shareholders' meeting, the related (connected) shareholders and their close associates (as defined under the Hong Kong Listing Rules) shall not be involved in voting, and the number of voting shares they represent shall not be counted in the total number of valid voting. The voting particulars of the non-related (connected) persons shall be fully disclosed in the announcement on the resolution of the shareholders' meeting.

In order to be valid, the resolution of the shareholders' meeting on matters relating to related party (connected) transactions shall be approved by more than one half of the voting rights held by the non-related (connected) persons attending the shareholders' meeting. However, in the event of such related party (connected) transaction involving matters that are required to be approved by special resolution stipulated in the Articles of Association, in order to be valid, the resolution of the shareholders' meeting must be approved by more than two-thirds of the voting rights held by the non-related (connected) persons attending the shareholders' meeting.

When a proposal is submitted to the shareholders' meeting for consideration, no revision to such proposal shall be made; otherwise, any relevant changes shall be deemed as a new proposal, which may not be voted at such shareholders' meeting.

A voting right shall be exercised by physical voting, online voting or otherwise. The first voting result shall prevail over repetitious votes for the same voting right.

The voting at the shareholders' meetings shall be conducted by a registered ballot. Before voting on the proposal, the shareholders' meeting shall elect two shareholders' representatives with no interest in the proposal, and the supervisors' representative and other relevant person appointed according to the securities regulatory rules of the place where the Company's shares are [**REDACTED**], to participate in the counting and supervision of votes.

DIRECTORS AND BOARD OF DIRECTORS

Directors

Directors of the Company shall be natural persons. The following persons shall not serve as a director of the Company:

(I) a person without civil capacity or with limited civil capacity;

(II) a person who has been sentenced to criminal punishment for corruption, bribery, embezzlement, misappropriation of property or disruption of the order of the socialist market economy, where less than five years have elapsed since the sentence was served, or who has been deprived of his/her political rights due to criminal offense, where less than 5 years have elapsed since the sentence was served, or where less than 2 years have elapsed since the date of expiration of the probationary period if such person is sentenced to probation;

(III) a person who served as a director, or factory director or manager of a bankrupt and liquidated company or enterprise whereby such person assumed personal liability for the bankruptcy of the company or enterprise, where less than 3 years have elapsed since the date of completion of the bankruptcy liquidation of such company or enterprise;

(IV) a person who was the legal representative of a company or an enterprise whose business license was revoked or which was ordered to be closed down due to its violation of law, and who was personally accountable for the revocation of business license or closure of the company or enterprise, where less than 3 years have elapsed since such revocation of business license or closure by order of such company or enterprise;

(V) a person who is [**REDACTED**] as a dishonest person subject to enforcement by the people's court due to his/her failure to pay off a relatively large amount of due debts;

(VI) a person who has been banned by the CSRC from entering into the securities market with a period yet to expire;

(VII) other contents stipulated by the laws, administrative regulations, departmental rules, or the securities regulatory rules of the place where the Company's Shares are [**REDACTED**].

Where any director is elected or appointed in violation of the provisions of this Article, such election, appointment or employment shall be invalid. A director to which any of the above circumstances listed in paragraph 1 of this Article applies during his/her term of office shall be released of his/her duties by the company.

Directors shall be elected or replaced by the shareholders' meeting, and shall be released of his/her duties by the shareholders' meeting before the expiration of the term of office. The term of office of the Board shall be three years. Upon the expiration of the term of office, a director shall be eligible for re-election and reappointment, unless otherwise stipulated by the relevant laws, regulations and the securities regulatory rules of the place where the Company's shares are [**REDACTED**].

The term of office of a director shall commence from the date on which the said director assumes office to the expiry of the current session of the Board. If the term of office of a director expires but re-election is not made correspondingly on a timely basis, the original director shall continue performing his/her duties as a director pursuant to the provisions of the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are [**REDACTED**] and the Articles of Association until the elected director assumes his/her position.

The general manager or other senior management may concurrently serve as directors.

Duties of Directors

Directors shall comply with the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are [**REDACTED**] and the Articles of Association and undertake the following fiduciary obligations towards the Company:

(I) not to abuse his/her position to bribes or accept other illegal income or not to expropriate the Company's property;

(II) not to misappropriate the Company's funds;

(III) not to deposit the assets or funds of the Company into an account opened in his/her own name or the name of another individual;

(IV) not to violate the provisions of the Articles of Association in using the Company's funds to provide a loan or using the Company's property to provide a guarantee to others without the consent of a shareholders' meeting or the Board;

(V) not to accept commissions in connection with the Company's transactions as his/her own;

(VI) not to disclose the secrets of the Company without authorization;

(VII) not to abuse his/her related relationships to compromise the interests of the Company;

(VIII) other fiduciary obligations stipulated by the laws, administrative regulations, departmental rules and the Articles of Association.

Income derived by a director from violation of the provisions of this Article shall belong to the Company; he/she shall be liable for compensation for any loss of the Company arising therefrom.

Directors shall comply with the laws, administrative regulations and the Articles of Association and shall undertake the following diligent obligations towards the Company:

(I) exercising the rights conferred by the Company prudently, seriously and diligently to ensure that the commercial activities of the Company comply with the state's laws and administrative regulations and the requirements of the state's various economic policies, and the commercial activities shall not exceed the scope of business stipulated in the business license;

(II) treating all shareholders equally;

(III) timely understanding the business operations and management of the Company;

(IV) signing a written confirmation to the Company's periodic reports, to ensure that the information disclosed by the Company is true, accurate and complete;

(V) providing the relevant information and materials to the Supervisory Committee truthfully and not hindering the exercise of functions and powers by the Supervisory Committee or the Supervisors;

(VI) other diligent obligations stipulated by laws, administrative regulations, departmental rules and the Articles of Association.

Directors (including independent non-executive Directors) should actively participate in relevant training, including training on the Listing Rules and related risk training, and regularly attend external training organized by the Stock Exchange or other regulatory authorities to understand their rights, obligations and responsibilities as Directors, be familiar with relevant laws and regulations, and master the relevant knowledge that shall be possessed as a Director.

If a Director fails to attend in person or entrust other directors to attend the Board meetings for two consecutive times, he/she shall be deemed to be unable to perform his/her duties, and the Board of Directors shall propose to the shareholders' meeting to replace such Director.

A Director who enters into a contract or transaction with the Company directly or indirectly shall report to the Board or the shareholders' meeting on matters relating to the conclusion of the contract or transaction, and be approved by a resolution of the Board or the shareholders' meeting in accordance with the provisions of laws, regulations and securities regulatory rules of the place where the Company's shares are [**REDACTED**]. The provisions of the preceding paragraph shall apply to the contracts or transactions between any close relatives of Directors, enterprises directly or indirectly controlled by Directors or their close relatives, and the related persons who have other related relationships with the Directors, with the Company.

Directors shall not take advantage of their position to seek business opportunities that belong to the Company for themselves or others. However, exceptions are made in any of the following circumstances:

(I) reporting to the Board of Directors or shareholders' meeting, and be approved by a resolution of the Board of Directors or shareholders' meeting in accordance with the provisions of laws, regulations and securities regulatory rules of the place where the Company's shares are [**REDACTED**];

(II) the Company should not take advantage of the business opportunity in accordance with the provisions of laws, administrative regulations or the Articles of Association.

The Directors shall not operate a business similar to the business of the Company they serve for themselves or others, without reporting to the Board or shareholders' meeting and without being approved by the Board of Directors or shareholder' meeting through resolution in accordance with the provisions of laws, regulations and the securities regulatory rules of the place where the Company's shares are [**REDACTED**].

Board of Directors

The Company shall set up a Board of Directors which shall be accountable to the shareholders' meeting. The Board of Directors is composed of 8 Directors. The Company's Directors are divided into executive Directors, non-executive Directors and independent non-executive Directors, of which the number of independent non-executive Directors should account for at least one-third of the number of Board members and shall not be less than three.

The Board shall exercise the following functions and powers:

(I) convening the shareholders' meeting and submitting work reports to the shareholders' meeting;

(II) executing the resolutions of the shareholders' meeting;

(III) determining the Company's business plans and investment schemes;

(IV) formulating the Company's proposals for profit distribution and for recovery of losses;

(V) formulating the Company's plans for increase or reduction of registered capital, issuance of bonds or other securities and [**REDACTED**] plan;

(VI) formulating proposals for the merger, division, dissolution or change of corporate form of the Company;

(VII) within the scope of authorization of the shareholders' meeting, determining matters such as the Company's external investments, acquisition and sale of assets, mortgage of assets, provision of guarantees to entities other than subsidiaries, entrusted wealth management, (connected) related transactions, external donations, etc.;

(VIII) determining the establishment of internal management organizations of the Company;

(IX) resolving on appointment, dismissal and remunerations of the general manager of the Company, and as nominated by the general manager, to resolve on appointment, dismissal and remunerations of the Company's other senior management their remunerations, rewards and penalties;

(X) formulating the Company's basic management rules;

(XI) formulating proposals for any amendment to the Articles of Association;

(XII) proposing to the shareholders' meeting on the appointment or replacement of an accounting firm which provides audit services to the Company;

(XIII) listening to the work report of the Company's general manager and inspecting the general manager's work;

(XIV) other functions and powers accorded by laws, administrative regulations, departmental rules and the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

The Board has set up special committees, namely, the Audit Committee, the Nomination Committee and the Remuneration Committee. The special committees shall be accountable to the Board and shall perform their duties in accordance with the Articles of Association and the authorization of the Board. Their proposals shall be submitted to the Board for deliberation and decision-making. The members of the special committees shall all be Directors, with reference to laws, administrative regulations, departmental rules, and regulatory rules of the place where the Company's shares are [**REDACTED**] for specific composition and qualification requirements. The Board is responsible for formulating the working rules of the special committees and regulating the operation of the special committees.

The Board of Directors shall consist of one chairman. The chairman of the Board shall be elected by more than half of all members of the Directors of the Board.

The chairman of the Board of Directors shall exercise the following powers and functions:

(I) presiding over shareholders' meetings, and convening and presiding over Board meetings;

(II) supervising and inspecting the implementation of resolutions of the Board of Directors;

(III) exercising the legal representative's functions and powers;

(IV) other powers and functions granted by the Board of Directors.

Board meetings include regular meetings and extraordinary meetings. The Board of Directors shall hold at least four regular meetings every year, approximately once a quarter, which shall be convened by the chairman of the Board of Directors and notice shall be issued at least 14 days before the regular meetings are held.

In any of the following circumstances, the chairman of the Board of Directors shall convene and preside over an extraordinary Board meeting within ten days after receipt of the proposal:

(I) proposed by shareholders holding not less than one-tenth of the voting rights;

(II) jointly proposed by not less than one-third of the Directors;

(III) proposed by the Supervisory Committee;

(IV) the chairman of the Board of Directors deems necessary;

(V) any other circumstances stipulated in the Articles of Association.

Meetings of the Board of Directors shall be held only if more than half of the Directors are present. Resolutions made by the Board of Directors require the approval of more than half of all Directors.

Each Director shall have one vote for the resolutions of the Board meeting. In the case of an equality of votes cast both for and against a resolution, the chairman shall be entitled to one additional vote.

If any Director is (related) connected with any enterprise or individual involved in the matter to be resolved in the meeting of the Board of Directors, such Director shall promptly submit a written report to the Board of Directors. Such Director with (related) connected relations should neither exercise his/her voting right on such matter, nor exercise voting right on behalf of other Directors, and his/her voting right shall not be counted towards the total voting rights.

Such meeting of the Board of Directors may be held only if more than one half of the Directors without a (related) connected relationship are present, and the resolutions made at such a meeting of the Board of Directors shall be passed by more than one half of the Directors without a (related) connected relationship.

If the number of non-(related) connected Directors present at the meeting of the Board of Directors is less than three, the matter shall be submitted to the shareholder's meeting for consideration. Where the laws and regulations or securities regulatory rules of the places where the Company's shares are [**REDACTED**] have any additional limitations in respect of the participation and voting by Directors in Board meetings, the Company shall comply with such provisions.

The Directors shall attend the Board Meeting in person. Where a Director is unable to attend a meeting for any reason, he/she may appoint another Director by a written power of attorney to attend the meeting on his/her behalf. The power of attorney shall set out the name of the proxy, subject matters of representation, scope of the authorization and period of validity, with the signature or seal of the appointer. The Director who attends the meeting on his/her behalf shall exercise the Director's rights within the scope of authorization. Where a Director does not attend a Board meeting and does not appoint a proxy to attend on his/her behalf, he/she shall be deemed to forfeit his/her voting rights at the said meeting.

SENIOR MANAGEMENT

The Company shall have one general manager, one president, one chief financial officer and one secretary to the Board of Directors, who are appointed or dismissed by the Board of Directors. The Company may decide to appoint other senior management according to actual needs for business development. The Company's general manager, president, general manager of finance department, secretary to the Board of Directors and other senior management appointed by the Board of Directors are senior management of the Company.

The general manager shall serve terms of three years and may serve consecutive terms if reappointed by the Board of Directors.

The term of office of a general manager shall start from the date approved by the resolution of the Board of Directors, and shall end upon the expiry of the current term of the Board of Directors.

The general manager shall be accountable to the Board and exercise the following functions and powers:

(I) presiding over production and operation management of the Company, organizing the implementation of Board resolutions and reporting to the Board of Directors on his/her work;

(II) organizing the implementation of the Company's annual business plans and investment plans;

(III) formulating plans for the establishment of internal management organisations of the Company;

(IV) formulating basic management rules of the Company;

(V) formulating specific rules and regulations of the Company;

(VI) proposing to the Board of Directors to appoint or dismiss other senior management of the Company;

(VII) deciding to appoint or dismiss managerial officers (other than those required to be appointed or dismissed by the Board of Directors);

(VIII) proposing salaries, benefits, rewards and punishments for the employees of the Company and deciding on the appointment and dismissal of them;

(IX) considering and approving the purchase and disposal of fixed assets within the scope of authorization of the Board of Directors;

(X) considering and approving the investment within the scope of authorization of the Board of Directors;

(XI) deciding on operational loans of the Company and its subsidiaries;

(XII) other functions and powers conferred by the Articles of Association or the Board.

SUPERVISORS AND SUPERVISORY COMMITTEE

The Company shall establish a Supervisory Committee. The Supervisory Committee shall comprise 3 Supervisors and shall have a chairman. The chairman of the Supervisory Committee is elected by more than half of all the supervisors. The chairman of the Supervisory Committee shall convene and preside over Supervisory Committee meetings; where the chairman of the Supervisory Committee cannot or does not fulfil the duties thereof, more than half of the Supervisors may jointly elect a Supervisor to convene and preside over Supervisory Committee meetings.

The Supervisory Committee consists of two representatives of the Shareholders and one employee representative of the Company. Employee representatives at the Supervisory Committee shall be democratically elected by the Company's employees at the staff representative assembly, general staff meeting or otherwise.

The Supervisory Committee shall exercise the following functions and powers:

(I) to check the financial situation of the Company;

(II) to supervise the Directors and senior management in their performance of duties and to propose the removal of any Director or senior management who violates the laws, administrative regulations, Articles of Association or the resolutions of the shareholders' meeting;

(III) to require any Director or senior management to make rectification when any act thereof harms the Company's interests;

(IV) to propose the convening of extraordinary shareholders' meetings and, in case the Board does not perform the obligations to convene and preside over the shareholders' meetings in accordance with the Company Law, to convene and preside over the shareholders' meetings;

(V) to propose motions to the shareholders' meeting;

(VI) to bring proceedings against any Directors or senior management in accordance with the provisions of the Company Law;

(VII) to conduct an investigation if there are any unusual circumstances in the Company's operations, and if necessary, to engage an accounting firm, law firm or other professional institutions to assist in their work at the expense of the Company;

(VIII) other functions and powers granted by the shareholders' meeting.

The Supervisory Committee shall hold a meeting at least once every six months, and shall give a notice in writing (including the way of mail, E-mail, fax or personal delivery) 10 days before the meeting. The meeting of the Supervisory Committee shall only be held when more than half of the Supervisors are present.

Supervisors may propose to convene an extraordinary meeting of the Supervisory Committee. An extraordinary meeting of the Supervisory Committee shall be notified in writing three days before the meeting. With the consent of all Directors of the Company, the time limit of the notices stipulated in the above clauses may be exempted.

In the event of an emergency for which an extraordinary meeting of the Supervisory Committee needs to be held as soon as possible, the Supervisory Committee may give the notices of the meeting by telephone or other oral means at any time, provided that the convener shall give an explanation at the meeting therefor.

A resolution of the Supervisory Committee shall be passed by more than half of all Supervisors. Each Supervisor shall have one vote for the resolutions of the Supervisory Committee.

FINANCIAL ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDIT

Financial Accounting System

The Company shall formulate its financial accounting system pursuant to the provisions of laws, administrative regulations and the relevant State authorities. If the securities regulators in the place where the Company's shares are [**REDACTED**] have regulations otherwise, such regulations shall prevail.

The Company shall have no accounting books other than the statutory accounting books. The Company's assets shall not be deposited in any accounts opened in the name of any individual.

Distribution of Profits

Where the Company distributes its after-tax profits of the current year, it shall withdraw 10% of profits as the statutory reserve fund of the Company. Such withdrawal may be stopped when the statutory reserve fund of the Company has accumulated to at least 50% of the registered capital of the Company.

When the Company's statutory reserves are not sufficient to make up for its losses in previous years, the profits of the current year shall be used to make up for the losses before allocations are set aside for the statutory reserves as stipulated in the preceding paragraph.

After the Company has withdrawn the statutory reserves from the after-tax profits, the Company may also withdraw the discretionary reserves from the after-tax profits by resolution of the shareholders' meeting.

After the Company has made up for its losses and made allocations to its statutory reserves, the remaining after-tax profits could be available for distribution in proportion to the shareholding percentages of the shareholders, unless distributed otherwise as provided in the Articles of Association.

The shares of the Company held by itself are not entitled to profit distribution.

The reserves of the Company shall be used to make up for its losses, enlarge the Company's production and operation or convert into additional capital of the Company. To make up for the Company's losses with the reserves, the discretionary reserves and statutory reserves shall be used first; if the losses cannot be covered, the capital reserves can be used in accordance with the provisions.

When statutory reserves are converted into the registered capital, the amount of the said reserves left shall not be less than 25% of the registered capital of the Company before such conversion.

Engagement of Accounting Firm

The Company shall engage an accounting firm that complies with the provisions of laws and regulations to audit its accounting statements, verify its net assets and provide other relevant advisory services for a term of one year, which may be renewed.

The engagement of the accounting firm by the Company shall be decided by the shareholders' meeting, and the Board may not appoint the accounting firm until it is decided by the shareholders' meeting.

If the Company removes or ceases to continue to appoint the accounting firm, it is required to notify the accounting firm 15 days in advance, and the accounting firm shall be allowed to express its opinions when the shareholders' meeting of the Company is voting on the removal of the accounting firm.

NOTICE

A notice of the Company shall be sent by the following means:

(I) by personal delivery;

(II) by fax, email or mail;

(III) by telephone;

(IV) by announcement (including on designated websites and the Company's website in accordance with the securities regulatory rules of the place where the Company's shares are [**REDACTED**]);

(V) by other means approved by the relevant regulatory authority at the place where the Company's shares are [**REDACTED**] or stipulated in the Articles of Association.

MERGER, DIVISION, CAPITAL INCREASE, CAPITAL REDUCTION, DISSOLUTION AND LIQUIDATION

Merger, Division, Capital Increase and Capital Reduction

In the event of a merger of the Company, the parties to the merger shall enter into a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify the creditors within 10 days from the date of the Company's resolution on the merger and make an announcement in a newspaper or the National Enterprise Credit Information Publicity System within 30 days from the date of the Company's resolution on the merger. The creditors may require the Company to repay the debts or provide the corresponding guarantee within 30 days from receipt of notice or within 45 days from the date of announcement if no notice has been received.

If the Company is divided, its assets shall be divided accordingly. In the event of a division, the Company shall prepare a balance sheet and an inventory of assets. The Company shall notify the creditors within 10 days from the date of the Company's resolution on division and make an announcement in a newspaper or the National Enterprise Credit Information Publicity System within 30 days from the date of the Company's resolution on division.

The Company shall prepare a balance sheet and an inventory of assets when it needs to reduce its registered capital. The Company shall notify the creditors within 10 days from the date of the resolution on reduction of registered capital made by the shareholders' meeting and make an announcement in a newspaper or the National Enterprise Credit Information Publicity System within 30 days from the date of the resolution on reduction of registered capital made by the shareholders' meeting. The creditors are entitled to require the Company to repay the debts or provide the corresponding guarantee within 30 days from receipt of notice or within 45 days from the date of announcement if no notice has been received.

Where the merger or division of the Company involves changes in its registered particulars, such changes shall be registered with the company registration authorities in accordance with the laws. When the Company is dissolved, the Company shall cancel its registration in accordance with the laws. When a new company is established, its establishment shall be registered in accordance with the laws.

In case of an increase or reduction of the registered capital of the Company, such changes shall be registered with the company registration authorities in accordance with the laws.

Dissolution and Liquidation

The Company dissolves for the following reasons:

(I) upon expiry of the term of business stipulated in the Articles of Association or occurrence of any other events causing dissolution stipulated in the Articles of Association;

(II) where the shareholders' meeting resolves to dissolve the Company;

(III) merger or division of the Company entails dissolution;

(IV) the business license of the Company is revoked or the Company is ordered to close down or to be canceled in accordance with the laws;

(V) in the event that the Company encounters substantial difficulties in its operation and management and its continuance shall cause a significant loss in the interest of shareholders, and there are no other solutions to resolve the matters, shareholders who hold more than 10% of the total shareholders' voting rights of the Company may apply to the people's court for the dissolution of the Company.

In the event of the occurrence of any cause leading to the dissolution of the Company as stipulated in the preceding paragraph, such dissolution cause shall be published on the National Enterprise Credit Information Publicity System within 10 days of its occurrence.

Where the Company is under the circumstance set forth in items (I) or (II) above and has not yet distributed its assets to its shareholders, the Company may continue to exist by means of amending the Articles of Association or by resolution of the shareholders' meeting.

The amendment to the Articles of Association or by resolution of the shareholders' meeting pursuant to the preceding paragraph shall be passed by more than two-thirds of the voting rights of the shareholders present at the shareholders' meeting.

Where the Company is dissolved in accordance with the provisions of items (I), (II), (IV) or (V) above, it shall be liquidated. The Directors are the liquidation obligors of the Company and shall establish a liquidation team to commence liquidation within 15 days from the date of occurrence of the dissolution cause. The liquidation team shall consist of Directors unless the Articles of Association provide otherwise or the shareholders' meeting resolves to elect other persons. The liquidation obligors shall be liable for any losses incurred by the Company or its creditors as a result of their failure to perform liquidation obligations in a timely manner. If the liquidation team is not established to commence liquidation after the said timeframe or fails to liquidate after its establishment, the stakeholders may apply to the people's court for the appointment of relevant persons to establish a liquidation team to commence liquidation.

During liquidation, the liquidation team shall exercise the following functions and powers:

(I) to ascertain the Company's assets and separately prepare a balance sheet and an inventory of assets;

(II) to inform the creditors by notice or announcement;

(III) to deal with the Company's outstanding business in relation to the liquidation;

(IV) to settle outstanding taxes and taxes incurred during the process of liquidation;

(V) to settle the claims and debts;

(VI) to distribute the remaining assets of the Company after the repayment of debts;

(VII) to represent the Company in any civil proceedings.

The liquidation team shall notify the creditors within 10 days after its establishment and make an announcement in newspapers or the National Enterprise Credit Information Publicity System within 60 days after its establishment. The creditors shall declare their claims to the liquidation team within 30 days from receipt of notice or within 45 days from the date of announcement if no notice has been received.

The creditors declaring their claims shall state the relevant matters of the claims and provide evidentiary materials. The liquidation team shall register the claims.

During the period for declaration of claims, the liquidation team shall not make any repayment to the creditors.

Upon ascertaining the Company's assets and preparing a balance sheet and an inventory of assets, the liquidation team shall draw up a liquidation plan and submit this plan to the shareholders' meeting or the people's court for confirmation.

The assets of the Company shall be used respectively for payment of liquidation expenses, employees' wages, social security expenditures, statutory compensations, tax in arrears and the Company's debts; the residual assets thereafter shall be distributed by the Company in proportion to the shareholding percentages of the shareholders.

During the liquidation period, the Company continues to exist but it shall not engage in operation activities unrelated to liquidation. No distribution shall be made to shareholders until the assets of the Company are discharged in accordance with the provisions set forth in the preceding paragraph.

Upon ascertaining the Company's assets and preparing a balance sheet and an inventory of assets, if the liquidation team becomes aware that the Company does not have sufficient assets to repay its debts, it shall apply to the people's court for bankruptcy liquidation in accordance with the laws.

Once the people's court accepts the bankruptcy application, the liquidation team shall hand over the liquidation matters to the bankruptcy administrator appointed by the people's court.

Upon completion of the liquidation of the Company, the liquidation team shall prepare a liquidation report and submit it to the shareholders' meeting or the people's court for verification, and to the company registration authorities to apply for cancellation of registration of the Company.

Where the Company is legally declared bankruptcy, the bankruptcy liquidation shall be processed in accordance with the laws on corporate bankruptcy.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Under any of the following circumstances, the Company shall amend the Articles of Association:

(I) upon revision of the Company Law or the relevant laws, administrative regulations and the securities regulatory rules of the place where the Company's shares are [**REDACTED**], the matters provided in the Articles of Association contradict the stipulations of the revised laws, administrative regulations, and the securities regulatory rules of the place where the shares of the Company are [**REDACTED**];

(II) the Company's situation has changed and is inconsistent with that set forth under the Articles of Association;

(III) the shareholders' meeting decides to amend the Articles of Association.

Where any amendment to the Articles of Association passed by the resolution of the shareholders' meeting is subject to review and approval of competent authorities, such amendment shall be submitted to the competent authorities for approval; where the Company's registration matters are involved, such changes shall be registered in accordance with the laws.

1. FURTHER INFORMATION ABOUT OUR COMPANY

Incorporation

Our Company is a limited liability company established in the PRC on May 24, 2022 and converted into a joint stock company on January 13, 2025. Our registered office is located at Room 514, 5th Floor, No. 175, Weizhan Road, Lingang New Area, Shanghai Pilot Free Trade Zone, Shanghai, PRC.

We have established a place of business in Hong Kong at Room 1922, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong and were registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on February 10, 2025. Ms. Lai Ho Yan of Tricor Services Limited has been appointed as the authorized representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong. The address for service of process on our Company in Hong Kong is the same as our principal place of business in Hong Kong as set out above.

As our Company was established in the PRC, we are subject to relevant laws and regulations of the PRC. A summary of the relevant aspects of laws and regulations of the PRC and our Articles of Association is set out in "Regulatory Overview" and Appendix III to this Document, respectively.

Changes in the Share Capital of Our Company

The changes in the share capital of our Company during the two years immediately preceding the date of this Document are set out as follows:

(a). On March 14, 2024, the registered capital of our Company was increased from RMB20,190,292 to RMB22,156,188, as a result of (i) share subscriptions by Shanghai Qianzhusong, Shanghai Mailin, and our Pre-[**REDACTED**] Investors, including Hangzhou Yiyun, Xingxu Yaoneng, and Xingxu New Energy, during our B series financing; and (ii) a share subscription by Hangzhou TTGG during our B1 series financing.

(b). On February 17, 2025, the registered capital of our Company was increased from RMB22,156,188 to RMB23,322,303 as a result of share incentive scheme through share subscriptions by our executive Directors, Mr. Xu and Mr. Zhang.

Save as aforesaid, there had been no alterations of our share capital within the two years preceding the date of publication of this Document.

Changes in the Share Capital of Our Subsidiaries

A summary of the corporate information and the particulars of our major subsidiaries as at September 30, 2024 are set out in the Accountants' Report in Appendix I.

Details of the changes in the share capital of the Company's subsidiaries within the two years immediately preceding the date of this Document are set out below:

(a). on July 12, 2023, Sigenergy Technology (Pty) Ltd was incorporated in South Africa as an indirectly wholly-owned subsidiary of our Company with a registered capital of ZAR1,000.

(b). on July 17, 2023, SIGENERGY INTERNATIONAL, SOCIEDAD LIMITADA was incorporated in Spain as an indirectly wholly-owned subsidiary of our Company with a registered capital of EUR3,000.

(c). on November 23, 2023, SYA TECHNOLOGIES PTE. LTD. was incorporated in Singapore as an indirectly wholly-owned subsidiary of our Company with a registered capital of SGD1,000.

(d). on November 24, 2023, Hefei Sigenergy was incorporated in the PRC with limited liability as a subsidiary of our Company with a registered capital of RMB1,000,000.

(e). on July 5, 2024, Jiangsu Sigenergy was incorporated in the PRC as a subsidiary of our Company with a registered capital of RMB100,000,000.

(f). on September 19, 2024, Sigenergy Japan Co., Ltd. was incorporated in Japan as an indirectly wholly-owned subsidiary of our Company with a registered capital of JPY5,000,000.

Save as aforesaid, as of the Latest Practicable Date, there had been no other alterations of share capital of our subsidiaries within the two years preceding the date of this Document.

Shareholders' Resolutions

Pursuant to the Shareholders' meeting held on February 20, 2025, the following resolutions, among others, were duly passed:

(a) the [**REDACTED**] of the Shares with nominal value of RMB1.00 each on the basis of [**REDACTED**], effective immediately prior to the [**REDACTED**], and [**REDACTED**] of nominal value of RMB[**REDACTED**] each and such H Shares be [**REDACTED**] on the Stock Exchange;

(b) the number of [**REDACTED**] before the exercise of the [**REDACTED**] shall not be more than [**REDACTED**]% of the total issued share capital of our Company as enlarged by the [**REDACTED**], and granting the [**REDACTED**] the [**REDACTED**] of no more than [**REDACTED**]% of the number of [**REDACTED**] pursuant to the [**REDACTED**];

(c) conditional upon the completion of the [**REDACTED**] and taking into account the [**REDACTED**], [**REDACTED**] Unlisted Shares held by certain existing Shareholders will be converted into H Shares on a one-for-one basis;

(d) subject to the completion of the [**REDACTED**], the Articles of Association have been approved and adopted, which shall become effective on the [**REDACTED**], and our Board and/or its authorized person(s) have been authorized to amend the Articles of Association to the extent necessary in accordance with any comments from the relevant regulatory authorities; and

(e) our Board and/or its authorized person(s) have been authorized to handle all relevant matters relating to, among other things, the implementation of [**REDACTED**] and the [**REDACTED**].

2. FURTHER INFORMATION ABOUT OUR BUSINESS

Summary of Material Contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within two years preceding the date of this Document, which are or may be material and a copy of each has been delivered to the Registrar of Companies in Hong Kong for registration:

(a). the shareholders agreement dated January 31, 2024 entered into among the Company, Mailin (Shanghai) Enterprise Management Partnership (Limited Partnership) (麥廩(上海)企業管理合夥企業(有限合夥)), Gulin (Shanghai) Technology Services Partnership (Limited Partnership) (谷廩(上海)科技服務合夥企業(有限合夥)), Qianzhusong (Shanghai) Enterprise Management Partnership (Limited Partnership) (千株松(上海)企業管理合夥企業(有限合夥)), Mr. Zhang Xianmiao, Ouji (Shanghai) Technology Partnership (Limited Partnership) (鷗集(上海)科技合夥企業(有限合夥)), Mr. Xu Yingtong, Ms. Yang Ting, Maita New Energy (Shanghai) Technology Partnership (Limited Partnership) (麥塔新能(上海)科技合夥企業(有限合夥)), Hangzhou Yiyun Hangshi Xingyan Venture Capital Partnership Enterprise (Limited Partnership) (杭州藝雲杭實星晏創業投資合夥企業(有限合夥)), Yongkang Guohe Yaoneng Venture Capital Partnership Enterprise (Limited Partnership) (永康國核曜能創業投資合夥企業(有限合夥)), Yongkang Xingxu New Energy Technology Partnership Enterprise (Limited Partnership) (永康星序新能源科技合夥企業(有限合夥)), Hainan Jiefeng Technology Consultancy Partnership Enterprise (Limited Partnership) (海南捷灃科技諮詢合夥企業(有限合夥)), Zhuhai Meiheng Equity Investment L.P. (珠海玫恆股權投資合夥企業(有限合夥)), Guangzhou Huaxin Shengjing Innovation Investment Center (Limited Partnership) (廣州華芯盛景創業投資中心(有限合夥)), Andaman International Business Co., Limited, Shanghai Yuzai Enterprise Management Partnership Enterprise (Limited Partnership) (上海域載企業管理合夥企業(有限合夥)), Suzhou V Fund Investment Management Partnership Enterprise (Limited Partnership) (蘇州雲暉投資管理合夥企業(有限合夥)), Jinan V Fund Shunhe Equity Investment Fund Partnership (Limited Partnership) (濟南雲暉舜和股權投資基金合夥企業(有限合夥)), Gongqingcheng Yunteng Investment Management Partnership Enterprise (Limited Partnership) (共青城雲騰投資管理合夥企業(有限合夥)), Jiaxing Dingyun

Innovation Investment Partnership Enterprise (Limited Partnership) (嘉興鼎韞創業投資合夥企業(有限合夥)), Xiamen Xiaoyu Qingcheng Innovation Investment Partnership Enterprise (Limited Partnership) (廈門小雨青城創業投資合夥企業(有限合夥)) and Hangzhou TTGG Zhixin Venture Capital Partnership Enterprise (Limited Partnership) (杭州天堂硅谷智新創業投資合夥企業(有限合夥)), pursuant to which shareholder's rights were agreed among the aforementioned parties;

(b). the supplemental agreement to the series B1 capital increase agreement and series B1 shareholders agreement dated December 21, 2024 entered into among the Company, Mailin (Shanghai) Enterprise Management Partnership (Limited Partnership) (麥廪(上海)企業管理合夥企業(有限合夥)), Gulin (Shanghai) Technology Services Partnership (Limited Partnership) (谷廪(上海)科技服務合夥企業(有限合夥)), Qianzhusong (Shanghai) Enterprise Management Partnership (Limited Partnership) (千株松(上海)企業管理合夥企業(有限合夥)), Mr. Zhang Xianmiao, Ouji (Shanghai) Technology Partnership (Limited Partnership) (鷗集(上海)科技合夥企業(有限合夥)), Mr. Xu Yingtong, Ms. Yang Ting, Maita New Energy (Shanghai) Technology Partnership (Limited Partnership) (麥塔新能(上海)科技合夥企業(有限合夥)), Hangzhou Yiyun Hangshi Xingyan Venture Capital Partnership Enterprise (Limited Partnership) (杭州藝雲杭實星晏創業投資合夥企業(有限合夥)), Yongkang Guohe Yaoneng Venture Capital Partnership Enterprise (Limited Partnership) (永康國核曜能創業投資合夥企業(有限合夥)), Yongkang Xingxu New Energy Technology Partnership Enterprise (Limited Partnership) (永康星序新能源科技合夥企業(有限合夥)), Hainan Jiefeng Technology Consultancy Partnership Enterprise (Limited Partnership) (海南捷灃科技諮詢合夥企業(有限合夥)), Zhuhai Meiheng Equity Investment L.P. (珠海玫恒股權投資合夥企業(有限合夥)), Guangzhou Huaxin Shengjing Innovation Investment Center (Limited Partnership) (廣州華芯盛景創業投資中心(有限合夥)), Andaman International Business Co., Limited, Shanghai Yuzai Enterprise Management Partnership Enterprise (Limited Partnership) (上海域載企業管理合夥企業(有限合夥)), Suzhou V Fund Investment Management Partnership Enterprise (Limited Partnership) (蘇州雲暉投資管理合夥企業(有限合夥)), Jinan V Fund Shunhe Equity Investment Fund Partnership (Limited Partnership) (濟南雲暉舜和股權投資基金合夥企業(有限合夥)), Gongqingcheng Yunteng Investment Management Partnership Enterprise (Limited Partnership) (共青城雲騰投資管理合夥企業(有限合夥)), Jiaxing Dingyun Innovation Investment Partnership Enterprise (Limited Partnership) (嘉興鼎韞創業投資合夥企業(有限合夥)), Xiamen Xiaoyu Qingcheng Innovation Investment Partnership Enterprise (Limited Partnership) (廈門小雨青城創業投資合夥企業(有限合夥)) and Hangzhou TTGG Zhixin Venture Capital Partnership Enterprise (Limited Partnership) (杭州天堂硅谷智新創業投資合夥企業(有限合夥)), pursuant to which shareholder's rights were to be terminated accordingly; and

(c). the Hong Kong [**REDACTED**] Agreement.

Our Intellectual Property Rights

As of the Latest Practicable Date, we have registered the following intellectual property rights, which we consider to be material in relation to our business:

Trademarks

As of the Latest Practicable Date, we had applied for the registration of the following trademarks which we consider to be material in relation to our business:

No.	Trademark	Owner	Registration Number	Place of Registration
1	SIGENERGY	Our Company	018903941	European Patent Office
2	SIGENERGY	Our Company	1487723	Benelux
3	SIGENERGY	Our Company	30 2023 111 565	Germany
4	SIGENERGY	Our Company	2371769	Australia

Copyrights

As of the Latest Practicable Date, we have the following copyrights which we consider to be or may be material to our business:

No.	Copyright Name	Registered Owner	Registration Number	Registration Date
1	Sigenergy Monitoring Software	Shanghai Sigenergy	2024SR0184467	January 29, 2024
2	Sigeyun Management Software	Our Company	2024SR1030015	July 19, 2024

Domain Names

As of the Latest Practicable Date, we have registered or been authorized to use the following domain names which we consider to be material in relation to our business:

No.	Domain Name	Registered Owner	Expiry Date
1	sigenergy.plus	Our Company	April 17, 2025
2	pointguardenergy.com	Our Company	July 18, 2026
3	sigenergy.net	Our Company	September 2, 2025
4	sigenergy.press	Our Company	April 18, 2025
5	sigenergy.site	Our Company	April 18, 2025
6	sigenergy.tech	Our Company	April 30, 2025
7	sigenergy.cc	Our Company	September 2, 2025

No.	Domain Name	Registered Owner	Expiry Date
8	sigenergy.email	Our Company	April 17, 2025
9	sigenergy.shop	Our Company	April 18, 2025
10 . . .	sigenergy.plus	Our Company	April 17, 2025
11 . . .	sigenergy.asia	Our Company	April 17, 2025
12 . . .	sigenergy.vip	Our Company	April 17, 2025
13 . . .	sigenergy.art	Our Company	April 18, 2025
14 . . .	sigenergy.net	Our Company	September 2, 2025

Patents

As of the Latest Practicable Date, we have registered or been authorized to use the following patents which we consider to be material in relation to our business:

No	Patent Name	Registered Owner	Registration Number	Registration Date
1	儲能電池均流控制方法、控制系統及計算機介質	Our Company	CN202311037699.4	August 17, 2023
2	儲能系統調節方法、計算機介質、儲能系統及發電系統	Shanghai Sigenergy	CN202311275716.8	September 28, 2023
3	一種一體式儲能系統及其接線盒	Our Company	CN202323224646.1	November 29, 2023
4	光伏逆變器及光伏系統	Shanghai Sigenergy	CN202420057226.4	January 10, 2024
5	光伏系統的磁集成裝置、光伏系統	Shanghai Sigenergy	CN202420286419.7	February 6, 2024
6	逆變器系統、逆變器系統的控制方法和裝置	Shanghai Sigenergy	CN202410573404.3	May 9, 2024
7	光伏系統的控制方法、裝置、光伏系統及電子設備	Hefei Sigenergy	CN202410599376.2	May 15, 2024
8	儲能系統控制方法、儲能系統控制裝置和儲能系統	Shanghai Sigenergy	CN202410858525.2	June 28, 2024

Save as disclosed above, as of the Latest Practicable Date, there were no other trademarks, domains, copyrights, intellectual property rights, or individual property rights which are or may be material in relation to our business.

3. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUPERVISORS

Particulars of Directors' and Supervisors' Contracts and Appointment Letters

(i). Executive Directors

Each of Mr. Xu and Mr. Zhang, being our executive Directors, [has entered into] a service contract with our Company. Each service contract is for an initial term of three years. The service contracts may be renewed in accordance with the Articles of Association and the applicable laws, rules and regulations.

(ii). Non-executive Directors

Each of Mr. Sun Guoqing, Mr. Wang Lin and Ms. Yang Ting being our non-executive Directors, [has entered into] a letter of appointment with our Company. Each letter of appointment is for an initial term of three years. The letters of appointment may be renewed in accordance with the Articles of Association and the applicable laws, rules and regulations.

(iii). Independent non-executive Directors

Each of Ms. Ng Wing Yan Claudia, Mr. Lin Jinwu and Ms. Chen Jijin being our independent non-executive Directors, [has entered into] a letter of appointment with our Company. Each letter of appointment is for an initial term of three years. The letters of appointment may be renewed in accordance with the Articles of Association and the applicable laws, rules and regulations.

(iv). Supervisors

Each of Mr. Liu Qinwei, Ms. Yang Shunxia and Mr. Zhu Bo, being our Supervisors, [has entered into] a service contract with our Company. Each service contract is for an initial term of three years. The service contracts may be renewed in accordance with the Articles of Association and the applicable laws, rules and regulations.

Remuneration of Directors and Supervisors

Save as disclosed in "Directors, Supervisors and Senior Management" and "Appendix I — Accountants' Report — 8. Directors' and Chief Executive's Remuneration" for the years ended December 31, 2022 and 2023 and the nine months ended September 30, 2024, none of our Directors or Supervisors received other remunerations or benefits in kind from us. Under the arrangements currently in force, without taking into account the impact of the grant of Awarded Shares under the SM Incentive Scheme, we estimate that the aggregate remuneration payable to, and benefits in kind receivable by, our Directors by any member of our Group in respect of the year ending December 31, 2025 is approximately RMB8,000,000.

There is no arrangement under which any Director or Supervisor has waived or agreed to waive any remuneration or benefits in kind during the Track Record Period.

4. DISCLOSURE OF INTERESTS

Disclosure of Interests of Directors, Supervisors and Chief Executive of our Company

Immediately following the completion of the [**REDACTED**] assuming that the [**REDACTED**] is not exercised, none of our Directors, Supervisors and chief executive has any interest and/or short position in the Shares, underlying Shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short position which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules to be notified to our Company, once the Shares are [**REDACTED**] on the Stock Exchange.

Interests in our Company

				As at the Latest Practicable Date without taking into account the [REDACTED]		As at the [REDACTED], taking into account the [REDACTED] and assuming the [REDACTED] is not exercised		
Name	Position	Nature of Interest	Class of Shares	Number and class of Shares held	Approximate percentage of shareholding in the total share capital of our Company	Number and class of Shares held as at the [REDACTED], taking into account the [REDACTED](1)	Approximate percentage of shareholding in Unlisted/ H Shares(1)	Approximate aggregate percentage of shareholding in the total share capital of our Company(1)
Mr. Xu	Chairman of the Board, Executive Director and chief executive officer	Beneficial owner	Unlisted Shares	2,374,586	10.18%	[REDACTED]	[REDACTED]%	[REDACTED]%
			H Shares	–	–	[REDACTED]	[REDACTED]%	[REDACTED]%
		Interest in controlled corporations	Unlisted Shares	9,120,043	39.10%	[REDACTED]	[REDACTED]%	[REDACTED]%
			H Shares	–	–	[REDACTED]	[REDACTED]%	[REDACTED]%
Ms. Yang Ting	Non-executive Director	Spouse interest	Unlisted Shares	11,494,629	49.28%	[REDACTED]	[REDACTED]%	[REDACTED]%
			H Shares	–	–	[REDACTED]	[REDACTED]%	[REDACTED]%
Mr. Zhang	Executive Director and the President of the Company	Beneficial owner	Unlisted Shares	291,529	1.25%	[REDACTED]	[REDACTED]%	[REDACTED]%
			H Shares	–	–	[REDACTED]	[REDACTED]%	[REDACTED]%
		Interest in controlled corporations	Unlisted Shares	2,305,177	9.88%	[REDACTED]	[REDACTED]%	[REDACTED]%
			H Shares	–	–	[REDACTED]	[REDACTED]%	[REDACTED]%

Notes:

(L) All interests stated are long positions.

(1). The calculation is based on the assumption that (i) the [**REDACTED**] is completed, (ii) the conversion of [**REDACTED**] existing Unlisted Shares into H Shares, (iii) the [**REDACTED**] is not exercised, and (iv) the total number of issued shares of the Company immediately upon completion of the [**REDACTED**] will be [**REDACTED**] Shares.

(2). As of the Latest Practicable Date, the respective sole general partner of Shanghai Ouji, Shanghai Gulin, Shanghai Mailin and Shanghai Maita was Mr. Xu. As such, Mr. Xu is deemed to be interested in the shares held by Shanghai Ouji, Shanghai Gulin, Shanghai Mailin and Shanghai Maita upon the completion of the [**REDACTED**] under the SFO.

(3). As of the Latest Practicable Date, the sole general partner of Shanghai Qianzhusong was Mr. Zhang, holding 99.0% partnership interest therein. As such, Mr. Zhang is deemed to be interested in the shares held by Shanghai Qianzhusong upon the completion of the [**REDACTED**] under the SFO.

Disclosure of Interests of Substantial Shareholders

Save as disclosed in the section headed "Substantial Shareholders", immediately following the completion of the [**REDACTED**] and without taking into account any Shares which may be [**REDACTED**] pursuant to the exercise of the [**REDACTED**], our Directors are not aware of any other person (not being a Director, Supervisor or chief executive of our Company) who will have an interest or short position in our Shares or the underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the issued voting shares of our Company.

As of the Latest Practicable Date, our Directors are not aware of any persons who would, immediately following the completion of the [**REDACTED**], be directly or indirectly interested in 10% or more of the issued voting shares of the following member of our Group (other than our Company).

Disclaimers

Save as disclosed in this Document:

(a). none of our Directors, Supervisors, their respective close associates (as defined under the Listing Rules) or Shareholders who own more than 5% of the number of issued shares of our Company have any interests in the five largest customers or the five largest suppliers of our Group; and

(b). none of our Directors, Supervisors or any of the parties listed in "Qualification of Experts" in this Appendix is:

(i). interested in our promotion, or in any assets which have been, within two years immediately preceding the date of this Document, acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to any member of our Group; or

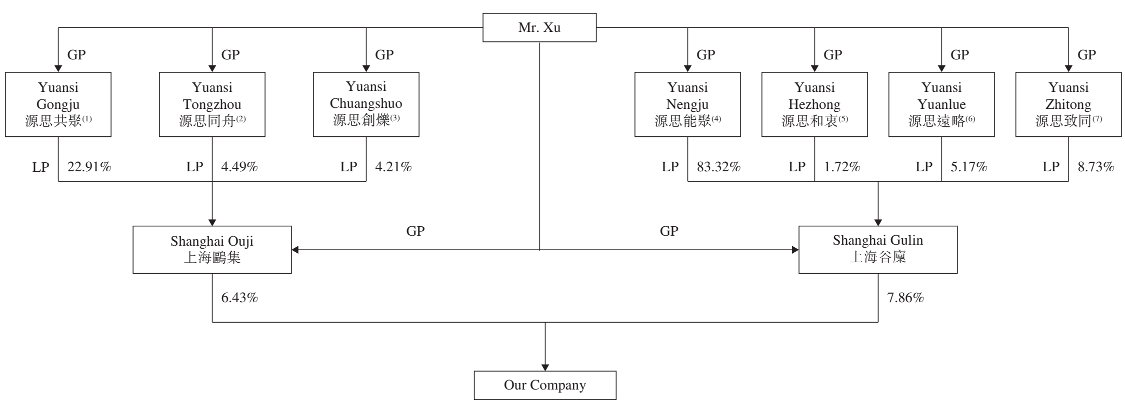
(ii). materially interested in any contract or arrangement subsisting at the date of this Document which is significant in relation to our business.

5. PRE-[REDACTED] EMPLOYEE INCENTIVE SCHEME

The following is a summary of the principal terms of the Pre-[**REDACTED**] Employee Incentive Scheme, which was adopted by the Company and took effect in September 2022, and amended in December 2024. The Pre-[**REDACTED**] Employee Incentive Scheme does not involve the grant of new Shares or awards by the Company after the [**REDACTED**], and the Pre-[**REDACTED**] Employee Incentive Scheme will not cause any dilution of the shareholding of our Shareholders after the [**REDACTED**].

Under the Pre-[**REDACTED**] Employee Incentive Scheme, Eligible Participants (as defined below) were granted partnership interests in Shanghai Gulin and Shanghai Ouji (the "**Awards**"), our Employee Incentive Platforms, Shanghai Gulin and Shanghai Ouji had, in turn, subscribed for 18,330,000 Shares and 15,000,000 Shares (taking into account the [**REDACTED**]), representing approximately 7.86% and 6.43% of our total issued Shares as at the Latest Practicable Date, respectively.

As of the Latest Practicable Date, Mr. Xu, as the respective sole general partner of Shanghai Gulin and Shanghai Ouji, held approximately 1.07% and 68.40% partnership interests therein. Details of the structure of the Employee Incentive Platforms are set out below.



Notes:

(1) As of the Latest Practicable Date, Yuansi Gongju (源思共聚) was held as to approximately (i) 0.0146% by Mr. Xu as its sole general partner, and (ii) 99.9854% by 47 Eligible Participants as limited partners of the Pre-[**REDACTED**] Employee Incentive Scheme.

(2) As of the Latest Practicable Date, Yuansi Tongzhou (源思同舟) was held as to approximately (i) 0.1486% by Mr. Xu as its sole general partner, and (ii) 99.8514% by four Eligible Participants as limited partners of the Pre-[**REDACTED**] Employee Incentive Scheme.

(3) As of the Latest Practicable Date, Yuansi Chuangshuo (源思創爍) was held as to approximately (i) 0.0396% by Mr. Xu as its sole general partner, and (ii) 99.9604% by 48 Eligible Participants as limited partners of the Pre-[**REDACTED**] Employee Incentive Scheme.

(4) As of the Latest Practicable Date, Yuansi Nengju (源思能聚) was held as to approximately (i) 0.0327% by Mr. Xu as its sole general partner, and (ii) 99.9673% by 48 Eligible Participants as limited partners of the Pre-[**REDACTED**] Employee Incentive Scheme.

(5) As of the Latest Practicable Date, Yuansi Hezhong (源思和衷) was held as to approximately (i) 0.0794% by Mr. Xu as its sole general partner, and (ii) 99.9206% by 47 Eligible Participants as limited partners of the Pre-[**REDACTED**] Employee Incentive Scheme.

(6) As of the Latest Practicable Date, Yuansi Yuanlue (源思遠略) was held as to approximately (i) 0.0264% by Mr. Xu as its sole general partner, and (ii) 99.9736% by 47 Eligible Participants as limited partners of the Pre-[**REDACTED**] Employee Incentive Scheme.

(7) As of the Latest Practicable Date, Yuansi Zhitong (源思致同) was held as to approximately (i) 0.0156% by Mr. Xu as its sole general partner, and (ii) 99.9844% by 48 Eligible Participants as limited partners of the Pre-[**REDACTED**] Employee Incentive Scheme.

Purpose

The primary purpose of the Pre-[**REDACTED**] Employee Incentive Scheme is to improve the incentive mechanism of the Group, further enhance the sense of responsibility and mission of the participants thereto (the "**Eligible Participants**"), promote the continued growth of the performance of the Group, and bring economic benefits to the Eligible Participants while enhancing the value of the Group, so as to realize the common development of the Eligible Participants and the Group.

Administration

The Board, or individuals authorized by the Board, including the general manager of the Company, are authorized to implement, amend, suspend, and interpret the Pre-[**REDACTED**] Employee Incentive Scheme. The Board may delegate the administration of the scheme to the general manager and a designated management team (the "**Administrator**"), which shall execute and oversee matters in accordance with the scheme's provisions. The Administrator is responsible for handling and implementing various tasks, including but not limited to:

- identifying eligible employees for awards;
- determining the grant date, adjusting the number of awards, and setting or modifying the granting and purchase prices of equity interests under the scheme;
- arranging for the execution of grant agreements, shareholding platform partnership agreements, and other relevant documents;
- interpreting and amending the scheme to align with applicable laws and regulations; and
- other duties specified under the scheme or authorized by the Board.

Eligible Participants

Persons eligible to participate in the Pre-[**REDACTED**] Employee Incentive Scheme are the employees of our Group, who have made contribution to the development of the Group (individually and collectively, the "**Eligible Participant(s)**").

Form of the Pre-[REDACTED] Employee Incentive Scheme

The Eligible Participants, as partners of the Employee Incentive Platforms which are limited partnerships, shall subscribe for partnership interests of the Employee Incentive Platforms as partners according to the number of awards granted under the Pre-[**REDACTED**] Employee Incentive Scheme, thereby indirectly holding the Shares of our Company by virtue of their capacity as partners of the relevant Employee Incentive Platform.

Total Number of the Underlying Shares of the Awards

As of the Latest Practicable Date, all the Shares held by Shanghai Gulin and Shanghai Ouji were subscribed by the Eligible Participants, and the relevant registration had been completed. The subscription prices per each corresponding Share underlying the Awards granted were RMB1.90, RMB0.48, and RMB1.35 per Share, assuming the [**REDACTED**] has been completed.

Term

The Pre-[**REDACTED**] Employee Incentive Scheme shall take effective from the date of being approved by the Board and shall not exceed 10 years. In the event of a merger, division, or change in control of the Company, the termination of the Pre-[**REDACTED**] Employee Incentive Scheme may be proposed by the general manager and shall be subject to review and approval by the Board.

Payment of Contribution

Grantees must subscribe for the partnership interests of the Employee Incentive Platforms in cash, and should ensure that their source of funds is genuine and lawful. All contribution payments shall be made fully and timely.

Rights Attached to Awards

The general partner of the Employee Shareholding Platforms shall exercise voting rights on behalf of the Eligible Participants in respect of the Shares underlying the Awards. The Eligible Participants have the rights to any dividends or distributions from any Shares underlying the Award.

Transfer Restrictions

Except for circumstances specified under the terms of the Pre-[**REDACTED**] Employee Incentive Scheme, the partnership interests of the Eligible Participants shall be subject to certain transfer restrictions and/or performance targets under the Pre-[**REDACTED**] Employee Incentive Scheme, for a term of four years from the date of grant of the Awards.

Details of interests in the Employee Shareholding Platforms

As of the Latest Practicable Date, all partnership interests in the Employee Incentive Platforms have been subscribed by and fully paid up by the Eligible Participants. As of the Latest Practicable Date, all Shares subject to the Pre-[**REDACTED**] Employee Incentive Scheme were granted to, vested in, and subscribed for by the participants. No further Awards will be granted after the date of this Document and the Pre-[**REDACTED**] Employee Incentive Scheme will not cause any dilution of the shareholding of our Shareholders after the [**REDACTED**].

Details of the Awards granted to Directors, Supervisors and senior management of our Company, and connected persons of the Company under the Pre-[**REDACTED**] Employee Incentive Scheme are set out below:

Details regarding Shanghai Gulin

Name	Position(s)	Relevant Employee Incentive Platform	Approximate partnership interests in the relevant Employee Incentive Platform	Approximate number of Shares corresponding to awards granted to the grantees(1)	Approximate shareholding percentage of total issued Shares immediately prior to the [REDACTED](2)
Directors, Supervisors, senior management and connected persons					
Mr. Liu Qinwei (劉秦維) . . .	Supervisor	Yuansi Nengju	6.19%	94,500	0.43%
Ms. Yang Shunxia (楊順霞) . . .	Supervisor	Yuansi Nengju	2.06%	31,500	0.14%
Mr. Zhu Bo (朱博).	Supervisor	Yuansi Nengju	1.03%	15,750	0.07%
Mr. Zhang Jiawei (張嘉偉) . . .	General Manager of Sales of Solutions	Yuansi Nengju	6.19%	94,500	0.43%

Name	Position(s)	Relevant Employee Incentive Platform	Approximate partnership interests in the relevant Employee Incentive Platform	Approximate number of Shares corresponding to awards granted to the grantees(1)	Approximate shareholding percentage of total issued Shares immediately prior to the [REDACTED](2)
Ms. Qiao Lingzi (喬淩子) . . .	General Manager of Marketing	Yuansi Nengju	6.19%	94,500	0.43%
Mr. Cheng Guobo (程國波) . . .	General Manager of Manufacturing	Yuansi Nengju	1.65%	25,200	0.11%
Mr. Huang Xueqi (黃雪琪) . . .	General Manager of Finance and Secretary to the Board	Yuansi Nengju	1.65%	25,200	0.11%
Other grantees					
41 employees. .	–	Yuansi Nengju	75.04%	1,145,550	5.17%
47 employees. .	–	Yuansi Hezhong	99.92%	31,479	0.14%
47 employees. .	–	Yuansi Yuanlue	99.97%	94,760	0.43%
48 employees. .	–	Yuansi Zhitong	99.98%	159,924	0.72%

Details regarding Shanghai Ouji

Name	Position(s)	Relevant Employee Incentive Platform	Approximate partnership interests in the relevant Employee Incentive Platform	Approximate number of Shares corresponding to awards granted to the grantees(1)	Approximate shareholding percentage of total issued Shares immediately prior to the [REDACTED](2)
Directors, Supervisors, senior management and connected persons					
Ms. Ou Chandan (歐嬋聃) . . .	General Manager of Human Resources and Administration Management	Yuansi Tongzhou	37.44%	25,200	0.11%
Other grantees					
48 employees. .	–	Yuansi Gongju	99.99%	343,569	1.55%
3 employees . .	–	Yuansi Tongzhou	62.41%	42,000	0.19%
48 employees. .	–	Yuansi Chuangshuo	99.96%	63,114	0.28%

Notes:

(1) For illustrating the indirect interests of grantees in the Shares, the number of Shares is presented and calculated by (a) multiplying their respective percentage of partnership interests in the relevant Employee Incentive Platform by the total number of Shares held by the relevant Employee Incentive Platform and (b) without taking into account the [**REDACTED**].

(2) [**REDACTED**] of the Unlisted Shares held by Shanghai Gulin and Shanghai Ouji will be converted into H Shares, subject to the relevant regulatory approvals and registration.

The table below sets out the details of the Awards granted to the limited partners under the Pre-[**REDACTED**] Employee Incentive Scheme as of the Latest Practicable Date. No Awards will be further granted after the [**REDACTED**] pursuant to the Pre-[**REDACTED**] Employee Incentive Scheme.

Shares corresponding to awards held by Shanghai Gulin without taking into account the [REDACTED]	**Number of grantees**	**Approximate total number of Shares corresponding to awards held by Shanghai Gulin(1)**	**Approximate total shareholding percentage corresponding to awards in the total number of Shares in issue immediately prior to the [REDACTED](2)**
0 to 1,000 Shares	43	27,279	0.12%
1001 to 10,000 shares	99	258,884	1.17%
10,001 to 50,000 shares	41	907,200	4.09%
50,001 to 100,000 shares	7	619,500	2.80%

Shares corresponding to awards held by Shanghai Ouji without taking into account the [REDACTED]	**Number of grantees**	**Approximate total number of Shares corresponding to awards held by Shanghai Ouji(1)**	**Approximate total shareholding percentage corresponding to awards in the total number of Shares in issue immediately prior to the [REDACTED](2)**
0 to 1,000 Shares	0	–	–
1,001 to 10,000 shares	89	335,283	1.51%
10,001 to 50,000 shares	10	266,700	1.20%
50,001 to 100,000 shares	0	–	–

Notes:

(1) For illustrating the indirect interests of grantees in the Shares, the number of Shares is presented and calculated by (a) multiplying their respective percentage of partnership interests in the relevant Employee Incentive Platform by the total number of Shares held by the relevant Employee Incentive Platform and (b) without taking into account the [**REDACTED**].

(2) [**REDACTED**] of the Unlisted Shares held by the Shanghai Gulin and Shanghai Ouji will be converted into H Shares, subject to the relevant regulatory approvals and registration.

6. OTHER INFORMATION

Litigation

As of the Latest Practicable Date, no member of our Group was engaged in any litigation or arbitration of material importance and, so far as our Directors are aware, no litigation or claim of material importance is pending or threatened by or against any member of our Group.

Joint Sponsors

The Joint Sponsors have made an application on our behalf to the [**REDACTED**] Committee of the Stock Exchange for a [**REDACTED**] of, and permission to deal in, all the H Shares to be issued as mentioned in this Document. The Joint Sponsors satisfy the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

Each of the Joint Sponsors will receive a fee of US$[**REDACTED**] for acting as the sponsors for the [**REDACTED**].

Compliance Adviser

Our Company has appointed Rainbow Capital (HK) Limited as the compliance adviser in compliance with Rule 3A.19 of the Listing Rules.

Preliminary Expenses

As of the Latest Practicable Date, our Company had not incurred material preliminary expenses.

Promoter

All of the promoters of the Company are the then Shareholders as at January 13, 2025 immediately before our conversion into a joint stock limited liability company. Save as disclosed in this Document, within the two years immediately preceding the date of this Document, no cash, securities or other benefit has been paid, allotted or given nor is any proposed to be paid, allotted or given to any promoter in connection with the [**REDACTED**] and the related transactions described in this Document.

No Material Adverse Change

Our Directors confirm that up to the date of this Document, there has been no material adverse change in our financial, operational, or trading position, indebtedness, mortgage, contingent liabilities, guarantees or prospects since September 30, 2024, being the end of the period reported on the Accountants' Report included in Appendix I; and there has been no event since September 30, 2024 and up to the date of this Document which would materially affect the information shown in the Accountants' Report set out in Appendix I to this Document.

Qualification of Experts

The qualifications of the experts, as defined under the Listing Rules, who have given opinions in this Document, are as follows:

Name	Qualification
CITIC Securities (Hong Kong) Limited	Licensed corporation to conduct Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
BNP Paribas Securities (Asia) Limited	Licensed to conduct type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO
Ernst & Young	Certified Public Accountants and Registered Public Interest Entity Auditor
Jia Yuan Law Offices	PRC legal adviser
Frost & Sullivan	Independent industry consultant

As of the Latest Practicable Date, none of the experts named above had any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

Consents of Experts

Each of the experts named in the paragraph headed "Qualification of Experts" in this Appendix has given and has not withdrawn its written consent to the issue of this Document with the inclusion of its report and/or letter and/or opinion and/or the references to its name included herein in the form and context in which it is respectively included.

Save as disclosed in this Document, none of the experts named above has any shareholding interests in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

Taxation of Holders of H Shares

The sale, purchase and transfer of H Shares registered with our Hong Kong branch register of members will be subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller is 0.1% of the consideration of or, if higher, of the fair value of our Shares being sold or transferred.

Restriction on Share Repurchases

For details of the restrictions on share repurchases by our Company, see "Appendix III — Summary of Articles of Association of the Company."

Binding Effect

This Document shall have the effect, if an application is made in pursuant hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

Related Party Transactions

Our Group entered into the related party transactions within the two years immediately preceding the date of this Document as mentioned in "Appendix I — Accountants' Report — Related Party Transactions."

Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our major subsidiaries.

Bilingual Document

The English language and Chinese language versions of this Document are being published separately, in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

Miscellaneous

(a) Save as disclosed in this Document, within the two years immediately preceding the date of this Document:

 (i). no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued, or is proposed to be fully or partly paid either for cash or a consideration other than cash;

(ii). no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(iii). no [**REDACTED**], discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share of our Company or any of our subsidiaries; and

(iv). no [**REDACTED**] has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription for any share in or debentures of our Company;

(b) there are no founder, management or deferred shares or any debentures in our Company or any of our subsidiaries;

(c) there are no contracts for hire or hire purchase of plant to or by us for a period of over one year which are substantial in relation to our business;

(d) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this Document;

(e) there are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong from outside Hong Kong;

(f) our Company has no outstanding convertible debt securities or debentures;

(g) there is no arrangement under which future dividends are waived or agreed to be waived;

(h) none of our equity and debt securities is [**REDACTED**] or dealt with in any other stock exchange nor is any [**REDACTED**] or permission to deal being or proposed to be sought;

(i) our Company is a joint stock company with limited liability and is subject to the PRC Company Law; and

(j) our Company has adopted a code of conduct regarding Directors' and Supervisors' securities transactions on terms as required under the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Hong Kong Listing Rules.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this Document delivered to the Registrar of Companies in Hong Kong for registration were:

(a). the written consents referred to in "Statutory and General Information — 6. Other Information — Consents of Experts" in Appendix IV; and

(b). a copy of each of the material contracts referred to in "Statutory and General Information — 2. Further Information about our Business — Summary of Material Contracts" in Appendix IV.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of the Stock Exchange at **www.hkexnews.hk** and our website at **www.sigenergy.com** during a period of 14 days from the date of this Document:

1. the Articles of Association;

2. the audited consolidated financial statements of our Group for the years ended December 31, 2022 and 2023 and the nine months ended September 30, 2024;

3. the Accountant's Report from Ernst & Young for the years ended December 31, 2022 and 2023 and the nine months ended September 30, 2024, the text of which is set forth in Appendix I;

4. the report from Ernst & Young on the unaudited [**REDACTED**] financial information of our Group as at September 30, 2024, the text of which is set forth in Appendix II;

5. the material contracts referred to in "Statutory and General Information — 2. Further Information about our Business — Summary of Material Contracts" in Appendix IV;

6. the written consents referred to in "Statutory and General Information — 6. Other Information — Consents of Experts" in Appendix IV;

7. the service contracts and appointment letters referred to in "Statutory and General Information — 3. Further Information about our Directors and Supervisors" in Appendix IV;

8. the legal opinions issued by Jia Yuan Law Offices, our PRC Legal Adviser, in respect of, among other things, the general matters and property interests of our Group under PRC law;

9. the industry report issued by Frost & Sullivan, the summary of which is set forth in the section headed "Industry Overview"; and

10. the PRC Company Law, the PRC Securities Law, the Guidelines for Articles of Association of Listed Companies, and the Trial Measures for the Administration on Overseas Securities Offering and Listing by Domestic Companies, together with unofficial English translations thereof.