



Sunwoda Electronic Co., Ltd.*
欣旺達電子股份有限公司
(the “Company”)

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

WARNING

The publication of this Application Proof is required by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Securities and Futures Commission (the “**Commission**”) solely for the purpose of providing information to the public in Hong Kong.

This Application Proof is in draft form. The information contained in it is incomplete and is subject to change which can be material. By viewing this document, you acknowledge, accept and agree with the Company, its respective sponsors, overall coordinators, advisers or members of the underwriting syndicate that:

- (a) this document is only for the purpose of providing information about the Company to the public in Hong Kong and not for any other purposes. No investment decision should be based on the information contained in this document;
- (b) the publication of this document or supplemental, revised or replacement pages on the Stock Exchange’s website does not give rise to any obligation of the Company, its joint sponsors, overall coordinators, advisers or members of the underwriting syndicate to proceed with an offering in Hong Kong or any other jurisdiction. There is no assurance that the Company will proceed with the offering;
- (c) the contents of this document or supplemental, revised or replacement pages may or may not be replicated in full or in part in the actual final listing document;
- (d) this document is not the final listing document and may be updated or revised by the Company from time to time in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
- (e) this document does not constitute a prospectus, offering circular, notice, circular, brochure or advertisement offering to sell any securities to the public in any jurisdiction, nor is it an invitation to the public to make offers to subscribe for or purchase any securities, nor is it calculated to invite offers by the public to subscribe for or purchase any securities;
- (f) this document must not be regarded as an inducement to subscribe for or purchase any securities, and no such inducement is intended;
- (g) neither the Company nor any of its affiliates, its joint sponsors, overall coordinators, advisers or members of its underwriting syndicate is offering, or is soliciting offers to buy, any securities in any jurisdiction through the publication of this document;
- (h) no application for the securities mentioned in this document should be made by any person nor would such application be accepted;
- (i) the Company has not and will not register the securities referred to in this document under the United States Securities Act of 1933, as amended, or any state securities laws of the United States;
- (j) as there may be legal restrictions on the distribution of this document or dissemination of any information contained in this document, you agree to inform yourself about and observe any such restrictions applicable to you; and
- (k) the application to which this document relates has not been approved for listing and the Stock Exchange and the Commission may accept, return or reject the application for the subject public offering and/or listing.

No offer or invitation will be made to the public in Hong Kong until after a prospectus of the Company has been registered with the Registrar of Companies in Hong Kong in accordance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). If an offer or an invitation is made to the public in Hong Kong in due course, prospective investors are reminded to make their investment decisions solely based on the prospectus of the Company registered with the Registrar of Companies in Hong Kong, copies of which will be published to the public during the offer period.

* For identification purpose only

IMPORTANT

IMPORTANT: If you are in any doubt about any of the contents of this Document, you should obtain independent professional advice.



Sunwoda Electronic Co., Ltd.*

欣旺達電子股份有限公司

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

[REDACTED]

Number of [REDACTED] under : [REDACTED] H Shares (subject to the the [REDACTED] [REDACTED])
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%, Hong Kong Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015% (payable in full on [REDACTED] in Hong Kong dollars and subject to refund)
Nominal value : RMB1.00 per H Share
[REDACTED] : [REDACTED]

Joint Sponsors, Overall Coordinators, [REDACTED] and [REDACTED]

Goldman Sachs 高盛



CITIC SECURITIES

(in no particular order)

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Document.

A copy of this Document, having attached thereto the documents specified in “Appendix V — Documents Delivered to the Registrar of Companies in Hong Kong and Available on Display” in this Document, [has been] registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this Document or any other documents referred to above.

The [REDACTED] is expected to be determined by agreement between the Overall Coordinators (on behalf of the [REDACTED]) and our Company on the [REDACTED]. The [REDACTED] is expected to be on or before [REDACTED] (Hong Kong time) and, in any event, not later than 12:00 noon on [REDACTED] (Hong Kong time). The [REDACTED] will not be more than HK\$[REDACTED] per [REDACTED] and is currently expected to be not less than HK\$[REDACTED] per [REDACTED] unless otherwise announced. If, for any reason, the [REDACTED] is not agreed by 12:00 noon on [REDACTED] (Hong Kong time) between the Overall Coordinators (on behalf of the [REDACTED]) and our Company, the [REDACTED] will not proceed and will lapse.

The Overall Coordinators, on behalf of the [REDACTED], may, where considered appropriate and with the consent of our Company, reduce the number of [REDACTED] and/or the indicative [REDACTED] below that is stated in this Document (being HK\$[REDACTED] per [REDACTED] to HK\$[REDACTED] per [REDACTED]) at any time prior to the morning of the last day for lodging [REDACTED] under the [REDACTED]. In such case, notices of the reduction in the number of [REDACTED] and/or the indicative [REDACTED] will be published on the website of our Company at www.sunwoda.com and on the website of the Hong Kong Stock Exchange at www.hkexnews.hk as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging [REDACTED] under the [REDACTED], and the [REDACTED] will be canceled and relaunched at the revised number of [REDACTED] and/or the revised [REDACTED] and the requirements under Rule 11.13 of the Listing Rules (which include the issue of a supplemental document or a new document (as appropriate)), as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging [REDACTED] under the [REDACTED]. Details of the arrangement will then be announced by us as soon as practicable. For further details, see “Structure of the [REDACTED]” and “How to Apply for [REDACTED]” in this Document.

The obligations of the [REDACTED] under the [REDACTED] are subject to termination by the Overall Coordinators (on behalf of the [REDACTED]) if certain events occur prior to 8:00 a.m. on the [REDACTED]. For details, see “Underwriting” in this Document.

The [REDACTED] have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States and may not be [REDACTED], sold, pledged or otherwise transferred within the United States, except pursuant to an available exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable state securities laws in the United States. The [REDACTED] may only be [REDACTED] and sold (a) in the United States solely to QIBs in reliance on Rule 144A or another available exemption from registration requirements under the U.S. Securities Act, and (b) outside the United States in offshore transactions in reliance on Regulation S. No [REDACTED] of the [REDACTED] will be made in the United States.

[REDACTED]

* For identification purpose only

[REDACTED]

IMPORTANT

[REDACTED]

IMPORTANT

[REDACTED]

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

CONTENTS

IMPORTANT NOTICE TO PROSPECTIVE [REDACTED]

This Document is issued by us solely in connection with the [REDACTED] and the [REDACTED] and does not constitute an [REDACTED] to sell or a solicitation of an [REDACTED] to buy any security other than the [REDACTED] by this Document pursuant to the [REDACTED]. This Document may not be used for the purpose of making, and does not constitute, an [REDACTED] or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a [REDACTED] of the [REDACTED] in any jurisdiction other than Hong Kong and no action has been taken to permit the distribution of this Document in any jurisdiction other than Hong Kong. The distribution of this Document for purposes of a [REDACTED] and the [REDACTED] and [REDACTED] of the [REDACTED] in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this Document to make your [REDACTED] decision. The [REDACTED] is made solely on the basis of the information contained and the representations made in this Document. We have not authorized anyone to provide you with information that is different from what is contained in this Document. Any information or representation not contained nor made in this Document must not be relied on by you as having been authorized by us, the Joint Sponsors, the Overall Coordinators, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], any of the [REDACTED], any of our or their respective directors, officers, employees, agents, or representatives of any of them or any other parties involved in the [REDACTED].

	Page
EXPECTED TIMETABLE	iv
CONTENTS	viii
SUMMARY	1
DEFINITIONS	24
GLOSSARY	34
FORWARD-LOOKING STATEMENTS	42
RISK FACTORS	43
WAIVERS AND EXEMPTIONS	84

CONTENTS

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]	110
DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]	114
CORPORATE INFORMATION	118
INDUSTRY OVERVIEW	121
REGULATORY OVERVIEW	141
HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE	178
BUSINESS	188
DIRECTORS AND SENIOR MANAGEMENT	295
SHARE CAPITAL	311
SUBSTANTIAL SHAREHOLDERS	315
FINANCIAL INFORMATION	318
FUTURE PLANS AND USE OF [REDACTED]	386
[REDACTED]	391
STRUCTURE OF THE [REDACTED]	403
HOW TO APPLY FOR [REDACTED]	417
APPENDIX I ACCOUNTANTS’ REPORT	I-1
APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION	II-1
APPENDIX IIA [REDACTED]	IIA-1
APPENDIX III SUMMARY OF ARTICLES OF ASSOCIATION	III-1
APPENDIX IV STATUTORY AND GENERAL INFORMATION	IV-1
APPENDIX V DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG AND AVAILABLE ON DISPLAY	V-1

SUMMARY

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

We are a leading innovator in lithium-ion battery technology, committed to providing integrated new energy solutions with sustainability and efficiency. We are primarily engaged in the R&D, design, manufacturing and sales of lithium-ion batteries, covering a diversified product matrix including consumer battery, EV battery and ESS. We provide customers with comprehensive solutions from battery cells, modules to systems, and battery testing and recycling.

With nearly 30 years of experience in the lithium-ion battery industry, we have established ourselves as the world’s largest manufacturer of lithium-ion batteries for mobile phones, laptops and tablets, as measured by total shipment volume of such batteries in 2024. According to CIC, we ranked first in the global mobile phone battery market by shipment volume in 2024, commanding a market share of 34.3%. We were also the second-largest manufacturer of laptop and tablet batteries globally, with a market share of 21.6%, according to the same source. In addition, we have been actively expanding our business in EV battery and ESS, achieving rapid growth and quickly emerging as a leading player in both sectors.

Our Market Leadership

World’s No. 1 for five consecutive years mobile phone battery manufacturer ¹	34.3% global market share in mobile phone battery ²
World’s No. 2 laptop and tablet battery manufacturer ²	21.6% global market share in laptop and tablet battery ²
World’s No. 10 EV battery manufacturer ³ ESS battery manufacturer ⁴	Fastest-growing among large-scale global supplier of EV battery and ESS battery ⁵

Our Customers Include⁶

World’s Top 10 mobile phone brands ⁷
World’s Top 5 laptop and tablet manufacturers ⁸
8 out of World’s Top 10 NEV OEMs ⁹
World’s Top 5 AC-side ESS Brands ¹⁰

Notes:

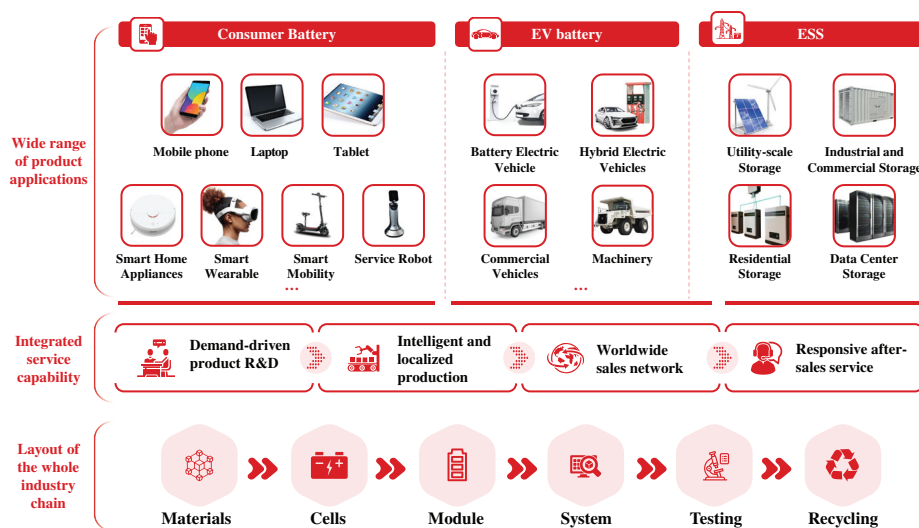
- 1. Based on the shipment volume from 2020 to 2024, according to CIC.
- 2. Based on the shipment volume in 2024, according to CIC.

SUMMARY

3. With a market share of 2.1% based on the shipment volume in 2024, according to CIC.
4. With a market share of 1.4% based on the shipment volume in 2024, according to CIC.
5. The fastest-growing company among the world’s top ten EV battery manufacturers and among the world’s top ten ESS battery manufacturers, with a shipment growth rate of 1,664% from 2023 to 2024, according to CIC.
6. The rankings of the customers are based on the shipment volumes in 2024, according to CIC. In 2022, 2023 and 2024, and for the nine months ended September 30, 2025, these customers contributed 62.5%, 61.1%, 62.5% and 56.4%, respectively, to our revenue.
7. In 2022, 2023 and 2024, and for the nine months ended September 30, 2025, these customers contributed 54.6%, 51.3%, 46.2% and 43.3%, respectively, to our revenue.
8. In 2022, 2023 and 2024, and for the nine months ended September 30, 2025, these customers contributed 33.0%, 29.1%, 25.9% and 20.1%, respectively, to our revenue.
9. In 2022, 2023 and 2024, and for the nine months ended September 30, 2025, these customers contributed 6.9%, 8.9%, 13.9% and 10.2%, respectively, to our revenue.
10. In 2022, 2023 and 2024, and for the nine months ended September 30, 2025, these customers contributed nil, 0.1%, 2.9% and 2.4%, respectively, to our revenue.

Our Business

We commenced our business in the consumer battery sector and have progressively expanded into EV battery, ESS and other related sectors, establishing a fully integrated battery business that encompasses R&D, design, manufacturing, sales, testing and recycling.



Consumer Battery

We began by supplying lithium-ion batteries for consumer electronic products including mobile phones, laptops, tablets and others, and have extended our offerings to cover emerging categories such as smart home appliances, smart wearables, smart mobility and service robots.

SUMMARY

We have established long-term and stable partnerships with global leading technology companies. We serve as a primary manufacturer to major industry players including the world’s largest smart phone company, Xiaomi, Lenovo, OPPO, vivo, Honor and Transsion, and are actively expanding further into the supply chains of other domestic and international top-tier players. To date, all of the world’s top ten mobile phone manufacturers and the world’s top five laptop and tablet manufacturers by shipment volume in 2024 were among our customers, according to CIC. We are also broadening our presence in emerging consumer electronics sectors, supplying companies such as Roborock and Ninebot.

EV Battery

Our EV battery products are widely applied in the new energy passenger vehicle market, meeting the various performance and compatibility requirements of BEV, EREV, PHEV and HEV. Our applications have also extended to new energy commercial vehicles, construction machinery and other scenarios.

We have become a key EV battery manufacturer to leading automobile OEMs, including Li Auto, XPeng, Leapmotor, GAC, SAIC, Renault and Nissan. To date, we provided EV batteries to eight of the world’s top ten new energy vehicle manufacturers by sales volume in 2024, according to CIC.

ESS

We offer integrated ESS solutions covering a wide range of use cases, including utility-scale storage, industrial and commercial storage, residential storage and data center storage.

We have established a growing customer base across multiple countries and regions. We have proven track records of successful completion of large-scale solutions in key global markets. To date, we provided ESS products to all of the world’s top five AC-side ESS brands by shipment volume in 2024, according to CIC.

Others

To better meet the diverse needs of customers throughout the product life cycle, we provided other solutions and products including precision structural components, smart hardware and other complementary services and products such as battery testing and recycling services.

We develop and manufacture precision structural components, including precision molds and various structural parts used in a wide range of products such as mobile phones, tablets, smart home appliances and smart wearable devices. During the Track Record Period, our precision structural component offerings primarily included smart device structural components and smart home appliance structural components. Unit prices vary significantly depending on factors such as material selection and technical specifications.

SUMMARY

Leveraging our technological capabilities in precision structural component manufacturing and miniaturized integration of batteries, we have expanded into providing OEM and ODM services for intelligent hardware terminal products. During the Track Record Period, our smart hardware offerings included products such as cleaning robots, personal care products and smart pens. Unit prices for these products vary depending on product complexity and the level of functional integration.

The following table sets forth a breakdown of our revenue by product type for the periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
<i>(RMB in thousands except for percentages)</i>										
<i>(unaudited)</i>										
Consumer battery . . .	32,015,431	61.4%	28,543,283	59.6%	30,405,096	54.3%	21,064,583	55.0%	22,514,819	51.7%
EV battery	12,686,520	24.3%	10,794,809	22.6%	15,138,528	27.0%	10,139,795	26.5%	12,366,970	28.4%
ESS	454,947	0.9%	1,110,059	2.3%	1,889,216	3.4%	1,030,191	2.7%	1,463,468	3.4%
Others	7,005,371	13.4%	7,414,076	15.5%	8,587,794	15.3%	6,044,112	15.8%	7,188,491	16.5%
- Precision structural components.	2,331,111	4.5%	2,787,292	5.8%	3,404,443	6.1%	2,509,839	6.6%	2,384,450	5.5%
- Smart hardware . . .	3,505,106	6.7%	2,551,140	5.4%	2,403,537	4.3%	1,989,754	5.2%	2,412,116	5.5%
- Other products and services	1,169,154	2.2%	2,075,644	4.3%	2,779,814	4.9%	1,544,519	4.0%	2,391,925	5.5%
Total.	52,162,269	100.0%	47,862,227	100.0%	56,020,634	100.0%	38,278,681	100.0%	43,533,748	100.0%

Our Research and Development Capability

Through years of accumulation, we have established a solid R&D system and developed a balanced lithium-ion battery technology matrix, positioning ourselves as a global leader in technology innovation in the industry. Our R&D is consistently driven by customer needs. We have established a full-cycle, customer-oriented technology innovation mechanism. This mechanism spans from technology exploration and product development to large-scale delivery. It forms a virtuous cycle of “customer demand — technological advancement — product validation,” which shortens the time from lab to mass production. As a result, we have achieved greater R&D efficiency and cost-effectiveness, allowing us to respond more effectively to the evolving and diverse needs of our customers and the end markets.

Our Presence

We take a customer-centric approach to capacity planning, focusing on localized manufacturing to enhance efficiency and resource allocation. As of September 30, 2025, we have 25 major production bases in operation or under construction, of which 19 are located in the PRC, including Guangdong, Zhejiang, Jiangxi, Jiangsu, Shandong and other provinces, and six are located overseas in India, Vietnam, Thailand and Hungary. Our presence enables to respond to and satisfy the product needs of our customers locally and abroad in a timely manner.

SUMMARY

We have established a mature manufacturing system featuring standardization, flexibility and intelligence. In addition, we have established 11 major overseas marketing and service centers in key global markets, enabling us to better serve and expand our international customer base. We build localized teams in these regions to provide more efficient and responsive support to our customers.

The following table sets forth a breakdown of our revenue by geographical market, based on delivery destination or the shipping destination on customs declaration, in absolute amounts and as percentages of total revenue, for the periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
<i>(RMB in thousands except for percentages)</i>										
<i>(unaudited)</i>										
Mainland China										
(excluding special										
supervision territory) .	29,576,325	56.7%	27,406,020	57.3%	32,589,324	58.2%	22,028,461	57.5%	26,308,529	60.4%
Special supervision										
territory in China . . .	17,697,221	33.9%	14,078,068	29.4%	15,222,790	27.2%	10,224,326	26.7%	9,770,115	22.5%
The United States . . .	254,635	0.5%	417,346	0.9%	1,348,432	2.4%	1,140,502	3.0%	464,899	1.1%
European Union	637,469	1.2%	1,102,896	2.3%	1,833,417	3.3%	1,130,093	3.0%	1,540,018	3.5%
Other countries or										
regions ⁽¹⁾	3,996,619	7.7%	4,857,897	10.1%	5,026,671	8.9%	3,755,299	9.8%	5,450,187	12.5%
Total	52,162,269	100.0%	47,862,227	100.0%	56,020,634	100.0%	38,278,681	100.0%	43,533,748	100.0%

Note:

(1) Other countries or regions primarily comprise markets in India, Vietnam and Hong Kong.

Our Market Opportunities

Leveraging our extensive experience and capabilities in the lithium-ion battery industry, we will continue to expand our customer base and use cases across consumer battery, EV battery, and ESS sectors and steadily increase the self-supply ratio of consumer cells, to drive sustainable business growth and profitability improvement.

Consumer battery. The wave of AI application has driven further growth in the consumer electronics industry, with booming demand for AI-installed products which need to carry batteries with higher energy density, and better battery performance. We are well-positioned to capture this market opportunity and will leverage our high-quality products and services to further consolidate and expand our global leadership in consumer batteries. As the next-generation consumer electronics continue to emerge, we are also actively broadening our product applications across diverse scenarios such as smart home appliances, smart wearables, smart mobility and service robots. At the same time, we are steadily increasing our battery cell self-supply ratio to deliver integrated solutions to our customers.

SUMMARY

EV battery. The global shift toward vehicle electrification is now firmly established, with Chinese companies leading the transformation of the automotive industry toward new energy. We will continue to expand our partnerships with major global NEV OEMs. Beyond passenger vehicles, electrification is rapidly extending into commercial vehicles, construction machinery, new energy vessels and etc. We are committed to meeting this evolving demand with a diversified product portfolio tailored to a wide range of use cases.

ESS. Benefiting from the development of renewable energy power generation and data centers, the global energy storage market will grow rapidly. We will continue to expand our energy storage business based on our excellent product quality, solid technical strength and strong service capability.

Our Financial Performance

During the Track Record Period, we achieved steady business growth alongside a notable improvement in profitability. Our revenue increased from RMB52.2 billion in 2022 to RMB56.0 billion in 2024, representing a CAGR of 3.6%. Our gross profit rose from RMB6.3 billion in 2022 to RMB8.2 billion in 2024, representing a CAGR of 14.2%. Our net profit attributable to owners of the Company increased from RMB1.1 billion in 2022 to RMB1.5 billion in 2024, representing a CAGR of 17.5%. Taking into account non-controlling interests, our profit for the year decreased from RMB763.4 million in 2022 to RMB330.7 million in 2023, and then increased to RMB534.3 million in 2024, and our adjusted net profit (non-IFRS measure) decreased from RMB1,030.5 million in 2022 to RMB535.1 million in 2023, and then increased to RMB729.5 million in 2024. For the nine months ended September 30, 2024 and 2025, our revenue amounted to RMB38.3 billion and RMB43.5 billion, respectively, representing a period-to-period increase of 13.7%. Gross profit increased from RMB5.9 billion to RMB7.1 billion, representing a period-to-period growth of 20.8%. Our net profit attributable to owners of the Company increased from RMB1.2 billion to RMB1.4 billion, representing a period-to-period growth of 16.6%. Taking into account non-controlling interests, our profit for the period increased from RMB553.5 million to RMB779.1 million, representing a period-to-period growth of 40.8%, and our adjusted net profit (non-IFRS measure) increased from RMB726.1 million to RMB938.6 million, representing a period-to-period growth of 29.3%.

The fluctuations in our adjusted net profit (non-IFRS measure) and profit attributable to owners of the Company during the Track Record Period primarily reflected the changes in our net profit for the relevant periods. The adjusted net profit (non-IFRS measure) was further mainly affected by a decrease in the fair value changes of convertible bonds in 2023, an increase in share-based payments, partially offset by the absence of fair value changes of convertible bonds following their full conversion in 2024, and an increase in [REDACTED], partially offset by a decrease in share-based payments for the nine months ended September 30, 2025. Profit attributable to owners of the Company was also influenced by the allocation of net losses to non-controlling interests, which varied across the Track Record Period depending on the performance of certain subsidiaries. For details, see “Financial Information.”

SUMMARY

Our Sustainability Initiatives

We are committed to contributing to the global transition towards a low-carbon future and have formulated a comprehensive sustainability strategy — “LEAP toward a Sustainable Future” — and identified four core goals to guide its implementation: Lifecycle, Ecology, Accountability, and Partnership. This strategy aligns with our long-term value creation objectives and responds proactively to evolving regulatory requirements, industry trends and stakeholder expectations.

We actively support China’s “Carbon Peaking and Carbon Neutrality Goals” and have adopted a structured approach to carbon management under our ESG governance framework. We target peak operational carbon emissions by 2029 and full operational carbon neutrality by 2050. To achieve these goals, we are advancing the use of renewable energy, promoting energy-saving technologies, and integrating clean energy into our operations. In 2024, we have completed over 200 energy efficiency initiatives, resulting in electricity savings of approximately 66.7 million kWh, equivalent to a reduction of more than 35,000 tonnes of carbon dioxide emissions.

OUR STRENGTHS

We believe the following core competitive advantages will enable us to seize industry growth opportunities and continue strengthening our global competitiveness:

- World’s largest battery manufacturer for mobile phones, laptops and tablets with rapid growth in EV battery and ESS;
- Fostering technological advancement through innovation and R&D;
- Top-tier customer coverage with enhanced customer engagement;
- Globally integrated service capabilities driving timely customer support; and
- Visionary management team leading sustainable growth.

See “Business — Our Strengths” for details.

SUMMARY

OUR STRATEGIES

We intend to further entrench our competitive strengths and implement the following strategies:

- Strengthen our leadership in consumer battery business, while actively expanding into EV battery and ESS businesses;
- Strengthen R&D and innovation capabilities;
- Expand our international business and presence;
- Further enhance intelligent manufacturing to optimize production efficiency and cost; and
- Advance ESG practices and sustainability initiatives.

See “Business — Our Strategies” for details.

PRODUCTION

We have established a mature manufacturing system featuring standardization, flexibility and intelligence to support the large-scale delivery of high-quality products. Key features of our manufacturing system include:

- Standardized manufacturing system;
- Flexible production line capability; and
- High intelligence and automation.

We also actively promoted the application of innovative processes and the upgrade of intelligent manufacturing. For example, the annual shipment of equipment for the self-developed laser engraving process exceeds 100 units, which has supported the mass production of 120W fast-charge battery products; the first fully automatic production line for canned cells in China, of which we led the construction, adopts a magnetic levitation logistics system, increasing the production capacity per unit of factory area by 50% compared with the traditional solution. Leveraging our advantages in cross-product compatibility, conversion efficiency, automation integration, digitalization and intelligence, we were recognized as a “Digital Pilot Enterprise” by the MIIT in 2023, and an “Excellent Intelligent Factory” by the MIIT in 2025, and received a number of other industry recognitions.

SUMMARY

The following table sets forth the details of our production volume, production capacity and production capacity utilization rate for the periods indicated:

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
Production volume					
Consumer battery					
(in million)	541.4	492.8	625.3	445.3	505.5
EV battery (GWh)	14.3	11.7	27.6	17.3	29.9
ESS (GWh)	4.1	4.9	9.3	6.4	18.4
Production capacity⁽¹⁾					
Consumer battery					
(in million)	574.6	579.7	687.3	501.7	558.9
EV battery (GWh)	17.1	27.4	39.5	27.2	46.5
ESS (GWh)	5.8	6.6	12.0	8.1	21.3
Production capacity utilization rate (%)					
Consumer battery	94.2%	85.0%	91.0%	88.8%	90.5%
EV battery	83.5%	42.8%	69.9%	63.6%	64.3%
ESS	70.7%	74.2%	77.5%	79.1%	86.3%

Note:

- (1) The effective annual capacity is taking into account adjustment periods and the impact of production line upgrades.

Our production capacity utilization rate of EV battery declined from 83.5% in 2022 to 42.8% in 2023, mainly due to (i) driven by performance improvements, cost advantages and enhanced safety profile, demand across the industry shifted toward lithium iron phosphate batteries and we prepared to adjust our product line from primarily ternary batteries to primarily lithium iron phosphate batteries accordingly; and (ii) to a lesser extent, some of our newly-built bases still being in the ramp-up stage as we expanded our production capacity from 17.1GWh in 2022 to 27.4 GWh in 2023.

See “Business — Production” for details.

SUMMARY

OUR CUSTOMERS AND SUPPLIERS

Our Major Customers

Our customers primarily include consumer electronics companies, EV manufacturers and ESS integrators. In 2022, 2023 and 2024 and for the nine months ended September 30, 2025, our revenue from our five largest customers for each period were RMB30,285.9 million, RMB22,817.5 million, RMB24,835.5 million, and RMB16,283.8 million, respectively, accounting for 58.1%, 47.7%, 44.3%, and 37.4% of our total revenue for the same period, respectively. In 2022, 2023, 2024 and for the nine months ended September 30, 2025, our sales to our largest customer for each period amounted to RMB14,925.8 million, RMB11,537.3 million, RMB11,610.9 million and RMB6,705.9 million, respectively, accounting for 28.6%, 24.1%, 20.7% and 15.4% of our total revenue for the same period, respectively.

Our Directors confirm that during the Track Record Period, none of our Directors, their close associates or any Shareholder holding more than 5% of our share capital had any interest in any of our top five customers in each year/period.

Our Major Suppliers

Our suppliers mainly comprise suppliers of certain raw materials and components used in our manufacturing processes. In 2022, 2023 and 2024 and for the nine months ended September 30, 2025, our purchases from our five largest suppliers for each period amounted to RMB20,931.1 million, RMB13,831.1 million, RMB14,421.4 million, and RMB11,073.7 million, respectively, accounting for 44.8%, 40.6%, 32.2%, and 30.9% of our total purchases for the same period, respectively. In 2022, 2023, 2024 and for the nine months ended September 30, 2025, our purchases from our largest supplier for each period amounted to RMB8,412.2 million, RMB6,167.3 million, RMB7,053.6 million and RMB4,545.4 million, respectively, accounting for 18.0%, 18.1%, 15.7% and 12.7% of our total purchases for the same period, respectively.

Our Directors confirm that during the Track Record Period, none of our Directors, their close associates or any Shareholder holding more than 5% of our share capital had any interest in any of our top five suppliers in each year/period.

RISK FACTORS

Our business and the [REDACTED] involve certain risks, including risks relating to (i) our business and industry; (ii) our financial performance; (iii) the legal and regulatory requirements; and (iv) the [REDACTED]. Some of the major risks we face include, but are not limited to, the following:

- Market demand for our products may fluctuate due to macroeconomic factors, including global and regional economic conditions, industry cyclicality and evolving market dynamics, as well as our own operational capabilities.
- The lithium-ion battery industry is highly competitive. Our failure to successfully compete may materially and adversely affect our market share and market position.

SUMMARY

- Our research and development are subject to risks and uncertainties, and we may not be able to derive the desired benefits from our research and development efforts, which may negatively affect our competitiveness and profitability.
- We may fail to keep up with rapid technological changes and evolving industry standards, which may adversely affect our market position and render our products in production or under research and development and our production facilities uncompetitive or obsolete.
- Our success depends on our customers’ ability to successfully market and sell their end products and their decisions to place orders with us.
- We experienced customer concentration during the Track Record Period and may continue to be exposed to risks associated with such concentration in the future.

COMPETITION

We operate in the lithium-ion battery industry across the consumer battery, EV battery and ESS sectors. We primarily compete with other large-scale battery manufacturers in each sector. According to CIC, the consumer battery, EV battery and ESS battery sectors have all experienced significant growth in shipment volume from 2020 to 2024, and are expected to continue growing rapidly, driven by growing downstream demand, technological advancement, the global push toward carbon neutrality, and other factors. According to CIC, the global consumer battery, EV battery and ESS battery markets are all highly concentrated. By shipment volume in 2024, the top five players in the global battery markets for mobile phones and laptops and tablets accounted for over 90% of the market share, and the top ten players in the EV battery and ESS battery markets accounted for over 80% and over 90% of their respective market share. As one of the top ten players in each battery market globally in terms of shipment volume in 2024, we believe we are in a strong position to capture the opportunities offered by the growth of these markets. See “Industry Overview” for more details on our competitive landscape, industry growth drivers and development trends.

OUR SINGLE LARGEST SHAREHOLDERS

Pursuant to a concert party agreement entered into between Mr. Wang Mingwang and Mr. Wang Wei dated August 6, 2008, Mr. Wang Mingwang and Mr. Wang Wei agreed to act in concert in the board meetings and general meetings of the Company. The agreement remains valid unless terminated by either parties therein.

As of the Latest Practicable Date, Mr. Wang Mingwang and Mr. Wang Wei, being our Single Largest Shareholders, collectively held approximately 26.75% of our total share capital. Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Mr. Wang Mingwang and Mr. Wang Wei will continue to hold in aggregate approximately [REDACTED]% of our total share capital and remain as our Single Largest Shareholders.

SUMMARY

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

Selected Information from Principal Components of our Consolidated Statements of Profit or Loss

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

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	<i>(RMB in thousands)</i>				
	<i>(unaudited)</i>				
Revenue	52,162,269	47,862,227	56,020,634	38,278,681	43,533,748
Cost of revenue	(45,877,669)	(41,744,183)	(47,817,803)	(32,424,744)	(36,460,658)
Gross profit	6,284,600	6,118,044	8,202,831	5,853,937	7,073,090
General and administrative expenses	(2,327,600)	(2,897,553)	(3,332,799)	(2,372,210)	(2,738,935)
Selling and marketing expenses	(285,759)	(389,057)	(522,651)	(388,200)	(420,531)
Research and development expenses	(2,741,803)	(2,710,630)	(3,330,198)	(2,267,622)	(3,201,977)
Net impairment losses on financial and contract assets	(146,402)	(12,936)	(93,604)	(35,517)	(49,204)
Other income	331,824	471,453	538,839	327,768	344,171
Other gains/(losses), net	(173,513)	4,270	(331,481)	(144,043)	288,138
Operating profit	941,347	583,591	1,130,937	974,113	1,294,752
Finance income	193,979	377,161	374,787	270,092	207,508
Finance costs	(687,545)	(726,935)	(716,441)	(525,153)	(578,868)
Finance costs, net	(493,566)	(349,774)	(341,654)	(255,061)	(371,360)
Share of profit or loss of investments in associates and joint ventures	(8,271)	(65,548)	17,152	998	64,102
Impairment provision for investments in associates and joint ventures	–	–	(17,693)	(17,693)	–
Profit before income tax	439,510	168,269	788,742	702,357	987,494
Income tax credit/(expense)	323,851	162,477	(254,459)	(148,866)	(208,410)
Profit for the year/period	763,361	330,746	534,283	553,491	779,084
Profit for the year/period attributable to:					
– Owners of the Company	1,068,014	1,076,198	1,474,324	1,212,215	1,413,519
– Non-controlling interests	(304,653)	(745,452)	(940,041)	(658,724)	(634,435)

SUMMARY

Non-IFRS Measures

To supplement our consolidated financial statements presented in accordance with IFRSs, we use adjusted net profit (non-IFRS measure) as an additional financial measure, which is not required by or presented in accordance with IFRSs. 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. However, presentation of this non-IFRS measure may not be comparable to similarly titled measures presented by other companies. 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 conditions as reported under IFRSs. See “Financial Information — Principal Components of Our Consolidated Statements of Profit or Loss — Non-IFRS Measures” for details.

We define adjusted net profit (non-IFRS measure) as profit for the year/period adjusted for share-based payments, changes in the fair value of the convertible bonds and [REDACTED]. The following table reconciles our adjusted net profit (non-IFRS measure) in accordance with IFRSs, our profit for the year/period, for the periods indicated:

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	(RMB in thousands)			(unaudited)	
Profit for the year/period . .	763,361	330,746	534,283	553,491	779,084
Adjust for:					
Share-based payments ⁽¹⁾	163,121	158,328	195,238	172,643	153,889
Changes in fair value of the					
convertible bonds ⁽²⁾	104,000	46,000	—	—	—
[REDACTED] ⁽³⁾	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Adjusted net profit					
(non-IFRS measure)	<u>1,030,482</u>	<u>535,074</u>	<u>729,521</u>	<u>726,124</u>	<u>938,618</u>

Notes:

- (1) Share-based payments is adjusted as it is non-cash in nature.
- (2) Changes in the fair value of the convertible bonds, which have been fully converted into equity in June 2023.
- (3) [REDACTED].

SUMMARY

Summary of Consolidated Statements of Financial Position

The following table sets forth our financial position as of the dates indicated:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
<i>(RMB in thousands)</i>				
Total current assets	45,149,260	41,770,982	45,312,436	52,963,168
Total current liabilities	39,007,199	32,765,131	40,544,330	49,553,329
Net current assets	6,142,061	9,005,851	4,768,106	3,409,839
Total non-current assets	29,349,920	37,490,277	42,185,907	47,478,839
Total non-current liabilities	9,176,594	14,051,506	15,027,162	18,471,702
Net assets	26,315,387	32,444,622	31,926,851	32,416,976
Non-controlling interests	6,251,613	9,329,173	8,198,793	7,574,145

We had net current assets of RMB3,409.8 million as of September 30, 2025, which represented a decrease of RMB1,358.3 million from our net current assets of RMB4,768.1 million as of December 31, 2024. This decrease was primarily due to (i) an increase of RMB4,586.7 million in borrowings; and (ii) an increase of RMB3,467.8 million in trade and notes payables, primarily due to our increased purchases from suppliers as we continued to expand our business operations. This was partially offset by (i) an increase of RMB2,449.7 million in inventories, as we increased inventory levels to meet the demands of our growing business; (ii) an increase of RMB1,953.2 million in restricted cash and term deposits; and (iii) an increase of RMB1,680.1 million in cash and cash equivalents.

We had net current assets of RMB4,768.1 million as of December 31, 2024, which represented a decrease of RMB4,237.8 million from our net current assets of RMB9,005.9 million as of December 31, 2023. This decrease was primarily due to (i) an increase of RMB5,864.8 million in trade and notes payables, mainly in line with our business expansion; (ii) a decrease of RMB4,202.9 million in cash and cash equivalents, mainly as a result of increased capital expenditures on property, plant and equipment primarily due to our strategic expansion of our production and R&D facilities; and (iii) an increase of RMB1,661.0 million in borrowings, which was generally in line with our expanded business scale. This was partially offset by (i) an increase of RMB3,728.9 million in trade and notes receivables and (ii) an increase of RMB3,636.3 million in restricted cash for business procurement, both reflecting our expanded business scale.

We had net current assets of RMB9,005.9 million as of December 31, 2023, which represented an increase of RMB2,863.8 million from our net current assets of RMB6,142.1 million as of December 31, 2022. This increase was primarily due to (i) a decrease of RMB4,053.5 million in trade and notes payables, in line with the overall decrease in revenue from our consumer battery business and EV battery business; (ii) an increase of RMB2,571.0 million in cash and cash equivalents, reflecting higher net proceeds from financing activities

SUMMARY

and stronger operating cash inflows; and (iii) a decrease of RMB1,144.0 million in convertible bonds due to conversion into equity. This was partially offset by (i) a decrease of RMB3,488.9 million in restricted cash and term deposits, mainly attributable to lower deposits for bank acceptance bills; and (ii) a decrease of RMB2,829.9 million in inventories, mainly attributable to lower raw material prices and in line with our business scale.

Our net assets/total equity increased by 23.3% from RMB26,315.4 million as of December 31, 2022 to RMB32,444.6 million as of December 31, 2023, primarily attributable to (i) capital contributions by non-controlling interests of RMB2,358.7 million, primarily due to additional capital injections by minority shareholders into Sunwoda Mobility Energy; (ii) transactions with non-controlling interests of RMB1,495.8 million, primarily due to the introduction of new minority shareholders to Sunwoda Mobility Energy; (iii) conversion of convertible bonds and other debts of RMB1,911.9 million, primarily due to the conversion of convertible bonds into shares of Sunwoda Mobility Energy in June 2023; and (iv) profit for the year of RMB330.8 million, which was partially offset by the declaration of dividends of RMB180.6 million.

Our net assets/total equity decreased by 1.6% from RMB32,444.6 million as of December 31, 2023 to RMB31,926.9 million as of December 31, 2024, primarily due to (i) transactions with noncontrolling interests of RMB534.6 million, mainly arising from our incremental acquisition of minority equity interests in one of our subsidiaries; (ii) repurchase of ordinary shares of RMB448.6 million; (iii) declaration of dividends of RMB265.8 million; and (iv) redemption of liabilities arising from non-controlling interest put options of RMB76.4 million, which was partially offset by (i) profit for the year of RMB534.3 million; (ii) share-based payment of RMB224.1 million, including (a) share-based compensation expenses of RMB205.1 million and (b) exercise of restricted shares of RMB19.0 million; and (iii) capital contributions by non-controlling interests of RMB64.3 million.

Our net assets/total equity increased by 1.5% from RMB31,926.9 million as of December 31, 2024 to RMB32,417.0 million as of September 30, 2025, primarily due to (i) profit for the period of RMB779.1 million; (ii) share-based payment of RMB246.3 million, including (a) share-based compensation expenses of RMB167.6 million and (b) exercise of restricted shares of RMB78.7 million; and (iii) capital contributions by non-controlling interests of RMB51.0 million, which was offset by (i) the declaration of dividends of RMB400.5 million; (ii) redemption of liabilities arising from non-controlling interest put options of RMB137.1 million; and (iii) transactions with noncontrolling interests of RMB40.0 million.

See “Financial Information — Discussion of Certain Key Items from Our Consolidated Statements of Financial Position” for details.

SUMMARY

Summary of Consolidated Statements of Cash Flows

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

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
(RMB in thousands)					
(unaudited)					
Net cash generated from operating activities	439,281	2,729,717	2,992,429	2,483,268	2,099,321
Net cash used in investing activities	(9,640,928)	(5,968,608)	(5,764,272)	(4,612,121)	(6,007,415)
Net cash generated from/(used in) financing activities	14,880,791	5,770,948	(1,439,055)	(1,284,879)	5,589,464
Net increase/(decrease) in cash and cash equivalents	5,679,144	2,532,057	(4,210,898)	(3,413,732)	1,681,370
Cash and cash equivalents at beginning of the year/period	5,441,712	11,097,753	13,668,744	13,668,744	9,465,822
Cash and cash equivalents at end of the year/period .	11,097,753	13,668,744	9,465,822	10,265,706	11,145,952

See “Financial Information — Liquidity and Capital Resources — Cash Flows” for details.

Key Financial Ratios

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

	Year ended/As of December 31,			Nine months ended/As of September 30,
	2022	2023	2024	2025
Gross profit margin (%) ⁽¹⁾ . .	12.0	12.8	14.6	16.2
Current ratio ⁽²⁾	1.2	1.3	1.1	1.1
Inventory turnover ratio ⁽³⁾ . .	5.2	4.9	6.6	5.6
Gearing ratio ⁽⁴⁾	65.2%	62.7%	69.3%	91.6%

SUMMARY

Notes:

- (1) Gross profit margin is calculated as gross profit for the year/period divided by revenue for the year/period and multiplied by 100%.
- (2) Current ratio is calculated as total current assets at the end of the year/period divided by total current liabilities.
- (3) Inventory turnover ratio is calculated as annualized cost of revenue for the period divided by the lease of the opening and closing inventory balances of the year/period indicated.
- (4) Gearing ratio is calculated based on total debt, including interest-bearing borrowings and finance lease liabilities, divided by total equity as of the date indicated and multiplied by 100%.

See “Financial Information — Key Financial Ratios” for details regarding the calculation and reasons for the fluctuation of the above ratios.

Sales Volume and Average Selling Price

The following table sets forth details of our sales volume and average selling price (net of tax) of consumer battery, EV battery and ESS during the Track Record Period.

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
Sales volume					
Consumer battery					
(in millions)	483.5	495.3	586.3	446.3	473.0
EV battery (GWh) . . .	11.4	11.2	25.3	15.1	27.2
ESS (GWh)	4.0	4.6	9.6	5.4	15.2

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
Average selling price⁽¹⁾					
Consumer battery					
(RMB/unit)	66.2	57.6	51.9	47.2	47.6
EV battery					
(RMB/Wh)	1.1	1.0	0.6	0.7	0.5
ESS (RMB/Wh)	0.1	0.2	0.2	0.1	0.1

Note:

- (1) The changes of average selling price of consumer battery and EV battery during the Track Record Period primarily reflected the changes of raw material prices such as lithium carbonate and lithium cobalt oxide, see “Industry Overview — Cost Analysis of Lithium-ion Batteries.” The average selling price of ESS increased from RMB0.1 per Wh in 2022 to RMB0.2 per Wh in 2023, primarily due to an increase in the proportion of sales of products using our self-supplied battery cells.

SUMMARY

For the breakdown of sales volume and average selling price by geographical market for consumer battery, EV battery and ESS, see “Financial Information — Principal Components of Our Consolidated Statements of Profit or Loss — Revenue — By Product Type — Sales Volume and Average Selling Price.”

LISTING ON THE CHINEXT MARKET OF THE SHENZHEN STOCK EXCHANGE AND THE SIX SWISS EXCHANGE

Since April 2011 and November 2022, our Company has been listed on the ChiNext Market of the Shenzhen Stock Exchange and on the SIX Swiss Exchange, respectively. As of the Latest Practicable Date, our Directors confirmed that we had no instances of material non-compliance with the rules of the Shenzhen Stock Exchange or the SIX Swiss Exchange, respectively, and other applicable securities laws and regulations of the PRC in any material respects, and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the [REDACTED] attention in relation to our compliance record on the Shenzhen Stock Exchange or the SIX Swiss Exchange, respectively.

Our Company seek its H Shares to be [REDACTED] on the Stock Exchange in order to further promote the Company’s internationalization strategy, enhance the Company’s international brand image, strengthen the Company’s core competitiveness, and enhance the Company’s operational and management standards. See “Business — Our Strategies” and “Future Plans and Use of [REDACTED]” for details.

[REDACTED]

NO MATERIAL ADVERSE IMPACT OF COVID-19

In January 2020, the World Health Organization (WHO) declared the outbreak of COVID-19 a public health emergency of international concern, and later, in March 2020, classified it as a global pandemic. In 2022, as COVID-19 continued to spread across the regions where we operate, we implemented a range of precautionary measures to ensure the health and safety of our employees, including remote work, social distancing, mask mandates, and other location-specific protocols. Despite these challenges, our production, supply chain, and daily operations remained stable throughout the Track Record Period. Since December 2022, economic activities have begun to recover and returned to normal nationwide since January 2023. Based on the foregoing, our Directors are of the view that the COVID-19 did not have any material adverse impact on our business and results of operations during the Track Record Period and up to the Latest Practicable Date, and is not expected to have any material adverse impact on our business and results of operations in the foreseeable future.

SUMMARY

[REDACTED]

[REDACTED] EXPENSES

Our [REDACTED] expenses represent professional fees, [REDACTED] and other fees incurred in connection with the [REDACTED] and the [REDACTED]. Assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED], being the mid-point of the indicative [REDACTED], we estimate that our [REDACTED] expenses will be approximately HK\$[REDACTED] million, accounting for approximately [REDACTED]% of our gross [REDACTED], including (i) [REDACTED]-related expenses of approximately HK\$[REDACTED] million, and (ii) non-[REDACTED] related expenses of approximately

SUMMARY

HK\$[REDACTED] million, comprising (a) sponsor fee of approximately HK\$[REDACTED] million, (b) fees and expenses of legal advisors and Reporting Accountant of approximately HK\$[REDACTED] million, and (c) other fees and expenses of approximately HK\$[REDACTED] million. During the Track Record Period, we incurred [REDACTED] expenses of RMB[REDACTED] million, of which RMB[REDACTED] million was charged to the consolidated statements of profit or loss as general and administrative expenses, and RMB[REDACTED] million will be deducted from equity. We expect to further incur [REDACTED] expenses of approximately HK\$[REDACTED] million upon completion of the [REDACTED], out of which approximately HK\$[REDACTED] million is expected to be charged to our consolidated statements of profit or loss and approximately HK\$[REDACTED] million is expected to be deducted from equity. The [REDACTED] expenses above are the best estimate as of the Latest Practicable Date and for reference only, and the actual amount may differ from this estimate.

DIVIDENDS

In 2022, 2023, and 2024, and for the nine months ended September 30, 2025, we declared dividends of RMB119.5 million, RMB149.0 million, RMB221.7 million and RMB385.0 million, respectively.

A decision to declare or to pay dividends in the future and the amount of dividends will be at the discretion of our Board and will depend on a number of factors, including our results of operations, cash flows, financial condition, payments by our subsidiaries of cash dividends to us, business prospects, statutory and regulatory restrictions on our declaration and payment of dividends and other factors that our Board may consider important. Any declaration and payment of dividends, as well as the amount thereof, shall comply with our Articles of Association and the relevant PRC laws and regulations, and shall be approved by the Board of Directors before being submitted to the Shareholders’ Meeting for approval.

According to applicable PRC laws and our Articles of Association, we will pay dividends out of our profit after tax only after we have made the following allocations: recovery of any accumulated historical losses and allocations to the statutory reserve equivalent to 10% of our profit after tax. If there are no major investment plans or significant cash expenditures, the profits distributed in cash shall be no less than 10% of the distributable profits achieved in the year. At the same time, our cumulative profits distributed in cash over the past three years shall be no less than 30% of the average annual distributable profits achieved in the past three years.

USE OF [REDACTED]

We estimate that we will receive net [REDACTED] from the [REDACTED] of approximately HK\$[REDACTED] million, after deducting [REDACTED], fees and estimated expenses payable by us in connection with the [REDACTED], assuming no [REDACTED] is exercised, and an [REDACTED] of HK\$[REDACTED] per [REDACTED], being the midpoint of the indicative [REDACTED] stated in this Document.

SUMMARY

In line with our strategies, we intend to use the net [REDACTED] from the following purposes, subject to changes in light of our evolving business needs and changing market conditions:

Approximately HK\$ in millions	Percentage of Net [REDACTED]	Future Plans
[REDACTED]	[REDACTED]%	achieve our international growth strategies including the expansion of our new production facilities overseas and global sales and service network to better reach our growing international customer base
[REDACTED]	[REDACTED]%	for research and development to maintain our leading position in the lithium-ion battery industry and to further enhance our technological capabilities
[REDACTED]	[REDACTED]%	support the digitalisation and intelligent upgrade of our operations
[REDACTED]	[REDACTED]%	for potential investments in or acquisitions of upstream and downstream businesses to support our strategic development and expand the breadth and depth of our value chain
[REDACTED]	[REDACTED]%	for working capital and other general corporate purposes

See “Future Plans and Use of [REDACTED]” for further information relating to our future plans and use of [REDACTED] from the [REDACTED].

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Recent Developments

Our business has continued to gain momentum following the Track Record Period. We recorded an increase in revenue for the 11 months ended November 30, 2025 as compared to the same period in 2024. In addition, our sales volume for consumer battery, EV battery and ESS increased from 531.0 million, 21.2 GWh and 7.7 GWh for the 11 months ended November 30, 2024, respectively, to 586.9 million, 36.4 GWh and 20.0 GWh for the 11 months ended November 30, 2025, respectively.

According to CIC, prices of key raw materials remained relatively stable overall in the first half of 2025, with limited impact on lithium-ion battery manufacturers. For example, the average price of lithium carbonate in the third quarter of 2025 increased by approximately 10% compared to the second quarter of 2025, while the average price of cobalt carbonate prices remained broadly stable during the same period.

SUMMARY

Tariffs on Our Products

The global trade landscape is currently highly volatile. Various countries have announced plans for and/or have already implemented new or modified tariffs. In particular, the United States announced broad tariffs on imports from all countries, comprising a 10% baseline tariff and varying reciprocal tariffs on certain trade partners, including a 125% tariff for most goods from China. In response, China and other countries have announced retaliatory actions or plans for retaliatory actions. On April 9, 2025, the United States implemented a 90-day pause on the varying reciprocal tariffs except for those on Chinese goods, leaving the 10% baseline tariff in place. On May 12, 2025, China and the United States jointly announced a 90-day suspension of certain of their trade restrictions, so that the United States will impose tariffs of 30% on most Chinese imports during this period, while China will impose tariffs of 10% on U.S. imports. The two sides agreed to continue negotiations during this period. On August 12, 2025, China and the United States jointly announced another 90-day suspension of select tariff measures, under which the United States will pause the additional 24% tariffs on Chinese goods while maintaining the 10% baseline, and China will similarly suspend its retaliatory 24% tariffs on U.S. goods. On October 10, 2025, President Trump publicly indicated the potential imposition of an additional 100% tariff on Chinese imports into the United States. Subsequently, this proposal was retracted. Given ongoing discussions between the United States and its trade partners, including China, there remains significant uncertainty about whether the United States may further change the scope, level and interpretation of tariffs it imposes. See “Risk Factors — Risks Relating to the Legal and Regulatory Requirements — Changes in tariffs may adversely affect our international sales.”

After consultations with our legal advisor as to international trade compliance and taking into account its view, the Directors believe that the U.S. tariffs, including the corresponding tariff policies introduced by other countries or regions (such as the E.U.), under the worst-case scenario where the U.S. tariffs on our products increase to the historic high as imposed earlier this year, will not have a material and adverse impact on our business and results of operations, on the bases that (i) we derived only an immaterial portion of our revenue from sales to the U.S. and E.U. during the Track Record Period; (ii) we have very limited direct exports to the U.S. and E.U. markets; (iii) during the Track Record Period, in transactions with our U.S. and E.U. customers, the customers are typically responsible for clearing customs and paying the import duties; and (iv) our revenue continued to grow steadily during the period when elevated U.S. tariffs were in effect in 2025. We are also taking active measures to mitigate the risks from the changing tariff and international trade landscape, including expanding our production capacity overseas and diversifying our customer base.

SUMMARY

Export Controls

On September 30, 2025, the United States implemented a new export control rule that extends the prohibition of the Entity List to entities that are owned 50% or more by entities named on the Entity List. Although we consider that this new rule will not have a material adverse impact on our business because we already have compliance procedures in place to screen parties it does business with against the sanctions lists, including the Entity List, and it is implementing enhancements to these procedures in light of this new rule, this new rule will require added vigilance by us. We also cannot guarantee how promptly and effectively our customers will implement their own enhanced procedures to ensure their own compliance with the new rule. See “Risk Factors — Risks Relating to the Legal and Regulatory Requirements — We are subject to the risks associated with sanctions, export controls laws and regulations, and international trade policies.”

U.S. Outbound Investment Rule

On January 2, 2025, the U.S. Department of the Treasury’s outbound investment rule came into effect, introducing restrictions on U.S. investments in Chinese entities involved in certain activities. Based on the Company’s assessment and the advice of its international trade compliance counsel, the Company is not currently engaged in any covered activities under the regulation or in a relationship described in the regulation with an entity engaged in such activities. However, there can be no assurance that future changes in applicable regulations or interpretations will not have an impact on the Company’s future capital-raising activities. See “Risk Factors — Risks Relating to the Legal and Regulatory Requirements — We may be affected by the U.S. Outbound Investment Rule in the future, which could adversely impact our ability to raise capital from U.S. persons.” “Regulatory Overview — U.S. Outbound Investment Rule” and “Business — Legal Proceedings and Compliance — U.S. Outbound Investment Rule” for details.

No Material Adverse Change

Our Directors confirm that, as of the Latest Practicable Date, there has been no material adverse change in our financial or trading position, indebtedness, mortgage, contingent liabilities, guarantees or prospects since September 30, 2025, the end of the period reported on the Accountants’ Report included in Appendix I to this Document.

DEFINITIONS

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

“2022 Share Incentive Plan”	the 2022 Restricted Stock and Stock Option Incentive Plan (2022年限制性股票與股票期權激勵計劃) of our Company approved and adopted on February 11, 2022, as amended or otherwise modified from time to time, a summary of the principal terms of which is set forth in the section headed “Statutory and General Information — Share Incentive Plans” in Appendix IV
“2024 Share Incentive Plan”	the 2024 Restricted Stock Incentive Plan (2024年限制性股票激勵計劃) of our Company approved and adopted on May 21, 2024, as amended or otherwise modified from time to time, a summary of the principal terms of which is set forth in the section headed “Statutory and General Information — Share Incentive Plans” in Appendix IV
“A Share(s)”	ordinary share(s) issued by our Company with a nominal value of RMB1.00 each, which is/are traded in Renminbi and listed on the Shenzhen Stock Exchange
“A Shareholders”	holders of the A Share(s)
“Accountants’ Report”	the accountants’ report prepared by Confucius International CPA Limited, details of which are set out in Appendix I to this Document
“affiliate(s)”	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” or “Accounting and Financial Reporting Council”	The Accounting and Financial Reporting Council of Hong Kong
“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 to this Document
“associate(s)”	has the meaning ascribed thereto under the Listing Rules

DEFINITIONS

“Audit Committee”	the audit committee of the Board
“Board” or “Board of Directors”	the Board of Directors of our Company
“Business Day”	a day on which banks in Hong Kong are generally open for normal banking business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong

[REDACTED]

“China”, “Mainland China”, “mainland China” or “PRC”	the People’s Republic of China, unless the context requires otherwise, excluding, for the purposes of this Document only, the regions of Hong Kong, Macau and Taiwan of the People’s Republic of China
“CIC”	China Insights Industry Consultancy Limited, an independent market research and consulting company
“CIC Report”	an independent market research report prepared by CIC, which was commissioned by the Company for the purpose of this Document
“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”	Sunwoda Electronic Co., Ltd. (欣旺達電子股份有限公司) (formerly known as Shenzhen Sunwoda Electronic Co., Ltd. (深圳市欣旺達電子有限公司)), a company established in the PRC as a limited liability company on December 9, 1997 and converted into a joint stock limited company on October 15, 2008, the A Shares of which have been listed on the Shenzhen Stock Exchange (stock code: 300207), the GDRs of which have been listed on the SIX Swiss Exchange (Symbol: SWD)

DEFINITIONS

“Compliance Advisor”	Somerley Capital 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
“core connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Corporate Governance Code”	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
“CSDCC”	China Securities Depository 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)” or “our Director(s)”	the director(s) of our Company
“ESG”	Environmental, Social and Governance
“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 seriously affects the working public’s ability to resume work or brings safety concern for a prolonged period

[REDACTED]

“GAC”	Guangzhou Automobile Group Co., Ltd.
“GDR”	a global depositary receipt which represents A Shares

[REDACTED]

“Group”, “our Group”, “we” or “us”	our Company and our subsidiaries

DEFINITIONS

“Guide” or “Guide for New Listing Applicants” the Guide for New Listing Applicants issued by the Stock Exchange

“H Share(s)” share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which is/are to be subscribed for and [REDACTED] in HK dollars and to be [REDACTED] on the Hong Kong Stock Exchange

[REDACTED]

“H Shareholders” holders of the H Share(s)

“HK dollars” or “HK\$” Hong Kong dollars, respectively, the lawful currency of Hong Kong

[REDACTED]

DEFINITIONS

“Hong Kong” or “HK” the Hong Kong Special Administrative Region of the PRC

[REDACTED]

“Hong Kong Stock Exchange” or “Stock Exchange” The Stock Exchange of Hong Kong Limited, a subsidiary of Hong Kong Exchanges and Clearing Limited

[REDACTED]

“IFRS” International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by the International Accounting Standards and interpretation issued by the International Accounting Standards Committee

“Independent Third Party(ies)” any entity(ies) or person(s) who is not a connected person of our Company within the meaning of the Hong Kong Listing Rules

[REDACTED]

DEFINITIONS

[REDACTED]

“Joint Sponsors” the joint sponsors as named in “Directors and Parties Involved in the [REDACTED]”

“Latest Practicable Date” January 21, 2026, 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 Hong Kong Stock Exchange

[REDACTED]

“Listing Rules” or “Hong Kong Listing Rules” the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“Main Board”	the stock exchange market (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with GEM of the Hong Kong Stock Exchange
“MIT”	the Ministry of Industry and Information Technology of the PRC
“Nomination Committee”	the nomination committee of the Board

[REDACTED]

“Overall Coordinators”	the overall coordinators as named in “Directors and Parties Involved in the [REDACTED]”

[REDACTED]

“Overseas Listing Trial Measures”	the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (境內企業境外發行證券和上市管理試行辦法)

DEFINITIONS

“PRC Company Law” the Company Law of the PRC (中華人民共和國公司法)

“PRC Legal Advisor” Sundial Law Firm, our legal advisor as to PRC laws

[REDACTED]

“QIB” a qualified institutional buyer within the meaning of Rule 144A

“Regulation S” Regulation S under the U.S. Securities Act

“Remuneration and Evaluation Committee” the remuneration and evaluation committee of the Board

“RMB” or “Renminbi” Renminbi, the lawful currency of the PRC

“Rule 144A” Rule 144A under the U.S. Securities Act

“SAIC” SAIC Motor Corp., Ltd.

“Securities and Futures Ordinance” or “SFO” the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

“SFC” the Securities and Futures Commission of Hong Kong

“Share(s)” ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, including A Shares and H Shares

“Share Incentive Plans” 2022 Share Incentive Plan and 2024 Share Incentive Plan

DEFINITIONS

“Shareholder(s)”	holder(s) of the Share(s)
“Shenzhen-Hong Kong Stock Connect”	a securities trading and clearing links program to be developed by the Hong Kong Stock Exchange, Shenzhen Stock Exchange, [REDACTED] and CSDCC for the establishment of mutual market access between Hong Kong and Shenzhen
“Single Largest Shareholders”	refers to Mr. Wang Mingwang (王明旺) and Mr. Wang Wei (王威)
“SIX Swiss Exchange”	SIX Swiss Exchange AG [REDACTED]
“State Council”	the State Council of the PRC (中華人民共和國國務院)
“Strategy and Sustainable Development Committee”	the strategy and sustainable development committee of the Board
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Sunwoda Mobility Energy”	Sunwoda Mobility Energy Technology Co., Ltd. (欣旺達動力科技股份有限公司), a company established in the PRC as a limited liability company on October 29, 2014, and converted into a joint stock limited company on June 7, 2023, and a subsidiary of our Company
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-back issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Track Record Period”	the financial years ended December 31, 2022, 2023 and 2024, and the nine months ended September 30, 2025
“treasury share(s)”	has the meaning ascribed thereto under the Listing Rules
“U.S.” or “United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“U.S. dollar”, “US\$” or “USD”	United States dollar, the lawful currency of the United States

DEFINITIONS

“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

[REDACTED]

“%” 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.

GLOSSARY

This glossary contains explanations of certain technical terms used in this Document in connection with us and our business. As such, some of these terms and their meanings may not correspond to standard industry definitions or usage of these terms and may not be comparable to similar terms adopted by other companies.

“AC”	alternating current, an electric current that periodically reverses direction
“Ah”	ampere-hour, a battery capacity unit
“AI”	artificial intelligence
“AIoT” or “Artificial Intelligence of Things”	the integration of artificial intelligence (AI) and the Internet of Things (IoT). AI improves the intelligence level of IoT devices, realizes the interconnection of all things, autonomous learning and decision-making optimization, and is applied in smart home appliances, smart cities and other fields
“anode material”	materials used in the negative electrode of the battery to store lithium metal and participate in the charging reaction. Common types include graphite, composite graphite, etc.
“BEV”	battery electric vehicle, a type of vehicle propelled solely by battery-powered electric motors, without using internal combustion engines
“BGA”	ball grid array, a surface-mount packaging method for integrated circuits that uses a grid of solder balls on the underside to connect the chip to the circuit board to improve connection density and thermal and electrical performance
“BMS”	battery management system
“BMU”	battery management unit, a component in battery systems that manages parameters such as voltage, current, temperature, and state of charge

GLOSSARY

“ bulk delivery ”	the stage where lithium-ion batteries have passed trial production and certification process of customers, and lithium-ion batteries are manufactured in large quantity (i.e. mass production) to customers in accordance with relevant contract
“ canned cell ”	a type of consumer battery cells enclosed in a metal casing
“ C ” or “ C-rate ”	charge or discharge rate, which refers to the rate at which a battery is charged or discharged relative to its total capacity and is an industry term. A charging current of 2C, 3C, 4C, 5C, 6C, 8C, 10C, and 12C implies that the battery can be fully charged in 1/2, 1/3, 1/4, 1/5, 1/6, 1/8, 1/10 and 1/12 of an hour, respectively
“ cabinet ”	a closed frame used to install and protect electronic equipment, commonly used in scenarios such as servers and energy storage systems
“ cathode material ”	materials used in the positive electrode of the battery to store lithium ions and participate in the discharge reaction. Common types include lithium cobalt oxide, ternary materials, lithium iron phosphate, etc.
“ coin cell ”	small battery cells commonly used in compact electronic devices like watches, cameras and calculators due to their small volume and light weight
“ consumer batteries ”	lithium-ion battery packs used for consumer electronics and devices, such as mobile phones, laptops, tablets, wearable devices, service robots, smart home appliances, etc.
“ containerized energy storage station ”	energy storage systems composed of standardized containers have the characteristics of modular design, rapid deployment, and efficient maintenance
“ CTB ”	Cell to Battery, the technology of integrating the battery directly into the battery module improves the overall performance by optimizing the structure
“ CTC ”	Cell to Chassis, also called cell-to-body, is a technology to install the battery cells seamlessly into a car’s structure

GLOSSARY

“CTP”	Cell to Pack, a technology used to integrate battery cells directly into battery packs without the intermediate step of modules
“CV”	commercial vehicles
“cycle life”	or life cycle, refers to the number of times (or cycles) that a battery can undergo the process of complete charging and discharging until the end of its life, and the end life of a battery generally indicates that the available capacity of the battery has decay to 80% of its designed capacity
“cylindrical battery”	a battery that has a cylindrical-shaped shell, such as 18650, 21700 and other models, suitable for a variety of electronic devices
“digital twin simulation”	the virtual mirroring of a physical battery system, integrating technologies such as real-time data monitoring, analysis, and advanced simulation technologies to optimize battery design, manufacturing, and performance
“DPPM”	defective parts per million, a quality control measurement in manufacturing
“dual carbon goals”	dual goals of “carbon peak and carbon-neutrality”, which refer to that China aims to peak carbon emission before 2030 and achieve carbon neutrality before 2060
“dual redundant protection”	improve system reliability by setting two independent protection mechanisms (such as circuits and sensors)
“electrode”	a structure of lithium-ion battery products which composed of components such as active materials, binders, conductive agents and collectors
“electrolyte”	liquid medium that provides ion conductivity in the battery to achieve the migration of lithium ions between the positive and negative electrodes
“EMS”	energy management system
“energy density”	the amount of energy stored in a given system or substance per unit of volume or mass

GLOSSARY

“EREV”	extended-range electric vehicle, a type of electric vehicle that is fully powered by battery, which can be charged externally or by an internal combustion engine that acts as a generator to extend the vehicle’s range
“ESS”	energy storage system, a solution designed to store energy for later use
“ESS battery”	a battery used for energy storage system
“EV”	vehicles powered fully or partially by battery, comprising of BEV, EREV, PHEV and HEV
“EV battery”	a battery used in electric vehicles
“FMEA”	Failure Mode and Effects Analysis, a systematic method used to identify, analyze, and prioritize potential failure modes in a process, product, or system, along with their causes and effects, to mitigate risks and improve reliability
“HEV”	hybrid electric vehicle, a type of electric vehicle that is powered by both an internal combustion engines and battery, while its battery can only be recharged through the internal combustion engine
“high voltage system”	power systems with higher voltage levels are often used in energy storage, electric vehicles, and other fields, and require special design to ensure safety
“industrial and commercial energy storage”	energy storage systems installed at industrial or commercial end-user sites use battery charging and discharging strategies to achieve power regulation and serve the company’s own electricity needs
“integration efficiency”	integration efficiency refers to how effectively a battery can be integrated into a system, considering factors like energy conversion, power management, and compatibility with other system components. High integration efficiency means the battery operates optimally within the system, maximizing performance and minimizing electrical, thermal and management losses

GLOSSARY

“IoT”	Internet of Things
“KA”	kiloampere, a unit for measuring electric current, 1 KA = 1,000 amperes
“kW”	kilowatt, a unit for measuring power, 1 kW=1,000 watts
“kWh”	kilowatt-hours, a unit of electric energy, 1 kWh=1,000 Wh
“LFP”	lithium iron phosphate (LiFePO_4), a cathode material commonly used in EVs and ESS due to its durability and resistance to overheating
“LFP battery” or “lithium iron phosphate battery”	a lithium-ion battery that uses lithium iron phosphate (LiFePO_4) as the cathode material
“lithium battery” or “lithium-ion battery”	a type of battery that primarily operates by the movement of lithium ions between the cathode and anode, with lithium ions de-embedding from the cathode and embedding into the anode during charging, and the reverse occurring during discharging
“lithium carbonate”	a common lithium compound with the chemical formula Li_2CO_3
“lithium cobalt oxide”	a cathode material for lithium cobalt oxide batteries with the chemical formula LiCoO_2
“LMFP battery” or “lithium manganese iron phosphate battery”	a lithium-ion battery that uses lithium manganese iron phosphate (LiMnFePO_4) as the cathode material
“low-voltage battery”	a battery that operates at a relatively low voltage, commonly used in applications such as small EVs and residential energy storage
“mAh”	milliampere-hour, a measure unit for battery capacity, measuring 1/1,000th of an Ah

GLOSSARY

“mechanical abuse”	the use of equipment under abnormal physical conditions (such as overload and impact), which may cause performance degradation or damage
“module”	battery module
“MWh”	megawatt-hours, a unit of electric energy, 1 MWh=1 million Wh
“nail penetration test”	a type of safety testing done to simulate internal shortcircuiting. Such test requires that the EV battery pack to not explode or catch fire due to thermal runaway when it is entirely penetrated by a steel nail under required conditions
“NEV”	new energy vehicle, refers to vehicles powered by alternative energy sources, such as electricity, hydrogen fuel cells or hybrid systems, instead of traditional internal combustion engines using fossil fuels
“ODM”	original design manufacturer
“OEM”	original equipment manufacturer
“pack”	battery pack
“PCB”	printed circuit board
“PCBA”	printed circuit board assembly, refers to the process of assembling electronic components onto a printed circuit board (PCB) to produce a functional electronic assembly
“PCS”	power conversion system, a critical component in a battery energy storage system
“peak discharge rate”	the maximum rate at which a battery can discharge energy, usually expressed as a multiple of the battery’s capacity (C-rate). A higher peak discharge rate allows the battery to deliver more power quickly, which is important for applications requiring sudden bursts of energy, such as acceleration in electric vehicles

GLOSSARY

“PHEV”	plug-in hybrid electric vehicle, a type of electric vehicle that is powered by both battery and internal combustion engine, while its battery can only be recharged externally
“pouch battery”	a battery with a soft package structure (such as aluminum-plastic film packaging), with good flexibility and safety, suitable for scenarios with high volume and weight requirements
“PPAP”	Production Part Approval Process, a standardized method used in manufacturing to ensure that a supplier’s production process consistently produces parts that meet design and quality requirements.
“prismatic”	a type of battery cell design characterized by its rectangular or box-like shape, usually used in high energy density designs, with good structural stability and fixation
“PV”	passenger vehicles
“residential energy storage”	home energy storage stores electricity locally for household users for later use, typically combined with household photovoltaics to form a home solar-storage system, enabling self-balancing of power generation, storage, and consumption
“R&D”	research and development
“semi-solid state battery”	a type of batteries that using electrolyte in semi-solid gel form
“separator”	thin film materials that isolate the positive and negative electrodes to prevent electronic short circuits while allowing lithium ions to pass freely
“SiP” or “System in Package”	advanced packaging technology that integrates active components (such as processors, memory), passive components (such as resistors, capacitors), micro-electromechanical systems (MEMS), optical devices, etc.

GLOSSARY

“SOC”	state of charge, the current level of charge in a battery compared to its capacity, expressed as a percentage. For example, 80% state of charge means the battery is at 80% of its total capacity
“sodium-ion battery”	batteries that utilize sodium ions as conductive ions that move between the anode and cathode, and charge and discharge through the mutual conversion of chemical energy and electrical energy
“solid-state battery”	a type of rechargeable lithium-ion batteries that use solid-state electrolyte
“ternary battery”	a type of batteries that integrates a cathode composed of three metallic elements, typically nickel, cobalt, and manganese or nickel, cobalt, and aluminum
“volumetric energy density”	the amount of energy that can be contained within a given volume
“W”	Watt, a unit for measuring power, 1 W=1,000 milliwatt
“Wh/kg”	Watt hour per kilogram
“WLCSP”	wafer-level chip scale packaging, a compact packaging technique where the integrated circuit is packaged directly at the wafer level

FORWARD-LOOKING STATEMENTS

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

This Document contains certain forward-looking statements relating to our Company, our subsidiaries and consolidated affiliated entities 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” and the negative of these words and other similar expressions, as they relate to our Group 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 other risk factors as described in this Document. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks, uncertainties and other factors facing our Group which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our ability to successfully implement our business plans and strategies;
- future developments, trends and conditions in the industry and markets in which we operate or into which we intend to expand;
- general political and economic conditions of jurisdictions in which we operate;
- our business operations and prospects;
- our capital expenditure plans;
- weather, natural disasters and climate change;
- the actions and developments of our competitors;
- our financial condition and performance;
- capital market developments;
- our dividend policy;
- any changes in the laws, rules and regulations of the central and local governments in the PRC and other relevant jurisdictions and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of our business and business plans; and
- various business opportunities that we may pursue.

RISK FACTORS

An [REDACTED] in our H Shares involves various risks. You should carefully consider all of the information in this Document, including the risks and uncertainties described below, before making an [REDACTED] in our H Shares.

The occurrence of any of the following events could materially and adversely affect our business, financial condition, results of operations or prospects. If any of these events occurs, the [REDACTED] price of our H Shares could decline and you may lose all or part of your [REDACTED]. You should seek professional advice from your relevant advisers regarding your prospective [REDACTED] in the context of your particular circumstances.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Market demand for our products may fluctuate due to macroeconomic factors, including global and regional economic conditions, industry cyclicalities and evolving market dynamics, as well as our own operational capabilities.

Our sales and profitability depend significantly on economic conditions, industrial activities and market demand in our downstream customers’ industries, such as consumer electronics manufacturers for our consumer batteries, EV manufacturers and ESS solution providers. Economic weakness and uncertainty can reduce customer demand for our battery products. Our operating results are directly affected by the economic and market conditions in each of the geographic areas in which we operate and/or conduct sales, and the uncertainty in global economic conditions varies by geographic regions. This makes forecasting challenging, especially given our global customer base, and could impact our operations if we fail to adapt timely to market changes. Credit tightening may cause our downstream customers and the end users of our customers’ products to cut or delay spending, decreasing demand for our products. Such conditions may result in order cancellations or reductions from our customers. Adverse macroeconomic changes, like recession or credit disruptions, could materially affect our business, financial condition, and liquidity.

Furthermore, the future growth of our business depends on several factors, including our ability to maintain our market position, to maintain our relationship with our major customers, and to expand our customer base. We cannot guarantee that our product offering can continue to satisfy our customers’ evolving needs in the future. If our competitors managed to develop more advanced battery products or technologies, or if alternative battery technologies emerge, their products could become more competitive, which in turn could lead to a decrease in the demand for our battery products. As a result, we cannot predict with certainty the demand for our products or the future growth rate and size of the global lithium-ion battery market. If there is a reduction in demand for our services caused by weakening economic conditions, technical challenges, data security or privacy concerns, relevant regulations and policies, competing solutions or services or otherwise, our revenue and profit margins would be adversely affected, which would in turn materially affect our business, results of operations, financial condition, and prospects.

RISK FACTORS

The lithium-ion battery industry is highly competitive. Our failure to successfully compete may materially and adversely affect our market share and market position.

The global lithium-ion battery industry is highly competitive and concentrated. Our existing competitors may seek to increase their market shares through various measures, such as continued research and development efforts, increased production capacity, optimized production process and active marketing campaigns. Our competitors may also seek to increase their market shares through pricing strategies. We expect to face competition from both existing and new competitors as we expand our business into new geographic markets and introduce new products. Competitive pressure could also have an adverse impact on the demand for and pricing of our products, which in turn affects our growth and market share.

Even if there is sufficient downstream demand for our battery products, there is no guarantee that we will always succeed in competing with other market players for orders from downstream customers. If we fail to compete effectively, we may not be able to retain or expand our market share, which would have a material adverse effect on our business, results of operations and financial condition. To achieve effective competition in the lithium-ion battery industry, we need to continuously develop and launch new and innovative 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.

Our research and development are subject to risks and uncertainties, and we may not be able to derive the desired benefits from our research and development efforts, which may negatively affect our competitiveness and profitability.

During the Track Record Period, we have consistently made significant investments in R&D. In 2022, 2023 and 2024 and for the nine months ended September 30, 2024 and 2025, our R&D expenses were RMB2,741.8 million, RMB2,710.6 million, RMB3,330.2 million, RMB2,267.6 million and RMB3,202.0 million, respectively. In order to maintain and enhance our competitive advantage, we may devote more resources to R&D in the future. However, as R&D activities are inherently uncertain, we cannot assure you that our R&D projects will be successful or be completed within the anticipated time frame and budget, or that our newly developed products will achieve wide market acceptance or enjoy the advantages as we expected. Even if such products can be successfully launched, we cannot assure you that they will be accepted by our customers and achieve anticipated sales target or profit. In addition, we cannot assure you that our existing or potential competitors will not develop products which are similar or superior to our products or more competitively priced. Due to uncertainties in the time frame for developing new products and the duration of market window for these products,

RISK FACTORS

there is a substantial risk that we may have to abandon a product or a potential product that is no longer commercially viable, even after we have invested significant resources in the development of such product. If we fail to respond appropriately in the afore-mentioned situations, our significant expenditures on R&D may not generate corresponding benefits, which may materially and adversely affect our business, prospects, financial condition and results of operations.

We may fail to keep up with rapid technological changes and evolving industry standards, which may adversely affect our market position and render our products in production or under research and development and our production facilities uncompetitive or obsolete.

The lithium-ion battery market is characterized by rapid technological changes and evolving industry standards, which are difficult to predict. This, together with the frequent introduction of new products and models, has shortened product life cycles and may render our products obsolete or less marketable. If our competitors develop new technologies that we are not able to keep up with, such technologies may provide them with significant performance or price advantages over us and our technology leadership and competitive strengths may be adversely affected. We may not be able to adjust our R&D direction in a timely manner in face of the rapid technological changes in the industry. If we fail to do so, our prospect, business and results of operations may be adversely affected.

As we believe that the market for lithium-ion batteries has good growth potential, we have focused our R&D activities on exploring new materials and structure to enhance our product quality and features while reducing cost. However, some of our competitors are conducting R&D on alternative battery technologies, such as fuel cells and super capacitors. If any viable substitute products emerge and gain market acceptance because they have more enhanced features, more practical applications, more power, more attractive pricing or better reliability, the market demand for our products may decrease, and our business, financial condition and results of operations may be materially and adversely affected.

Our ability to adapt to evolving industry standards and anticipate future standards will be a significant factor in our ability to maintain and improve our competitive position and our prospects for growth. To achieve this goal, we have invested and plan to continue investing significant financial resources in our R&D infrastructure. R&D activities, however, are inherently uncertain, and we may encounter practical difficulties in commercializing our research results. See “— Our research and development are subject to risks and uncertainties, and we may not be able to derive the desired benefits from our research and development efforts, which may negatively affect our competitiveness and profitability” for details. On the other hand, our competitors may improve their technologies or even achieve technological breakthroughs either as alternatives to lithium-ion batteries or improvements on existing lithium-ion batteries that may render our products obsolete or less marketable. Therefore, our failure to effectively keep up with rapid technological changes and evolving industry standards by introducing new and enhanced products may cause us to lose our market share and to suffer a decrease in our revenue.

RISK FACTORS

Our success depends on our customers’ ability to successfully market and sell their end products and their decisions to place orders with us.

Our revenue is principally generated from direct sales to corporate customers. Therefore, our business performance largely relies on our customers’ ability to market and sell their end products. We cannot assure you that our customers will continue to strengthen their sales and marketing efforts, and will not make any adjustments to their sales and marketing strategies. In addition, certain of our customers are subject to export control and thus their sales and marketing may be negatively affected, which in turn may negatively affect their purchase from us. Any such adjustments to their sales and marketing strategies may affect their sales, and may in turn, result in an adverse impact on our business, financial condition and results of operations. In addition, our contracts with our customers are typically not long-term contracts, and as such there is no guarantee they will keep placing orders with us. Even if our customers are able to successfully market and sell their end products, they may nevertheless choose other suppliers over us and place only a few or even no orders with us, which could materially and adversely affect our business, results of operations, financial condition and prospects.

We experienced customer concentration during the Track Record Period and may continue to be exposed to risks associated with such concentration in the future.

Our business has depended and will continue to significantly depend on our major customers and their loyalty in and level of satisfaction with our products. We derived a significant portion of our revenue from our top five customers during the Track Record Period. Our sales to our top five customers for each period amounted to RMB30,285.9 million, RMB22,817.5 million, RMB24,835.5 million and RMB16,283.8 million in 2022, 2023 and 2024 and for the nine months ended September 30, 2025, respectively, accounting for 58.1%, 47.7%, 44.3% and 37.4% of our total revenue for the same periods, respectively. Any decrease in or cancelation of purchase orders by some or all of our large customers, material delays in their acceptance of our products, or failure of any of our major customers to make timely payments may have a material adverse effect on our business, results of operations, and financial condition. In addition, we cannot assure you that our major customers will not change their business scope or business focus, suspend their operations, fail to comply with applicable laws in their operations, or encounter any operating or financial difficulties. Neither can we assure you that we will be able to continue to generate significant revenue from existing customers or that we will be able to maintain existing or further expand customer relationships. If we lose one or more of our significant customers and fail to identify and acquire suitable new customers within a reasonable time or at all, our business, results of operations, and financial condition may be materially and adversely affected.

Moreover, there is no assurance that we could retain our existing customers or attract new customers as we did during the Track Record Period. If we fail to retain our existing customers or attract new customers in the future due to our products not meeting the requirements of the market, or our selling prices not being competitive, or due to other factors beyond our control, our business, financial conditions and results of operations may be adversely affected.

RISK FACTORS

Fluctuations in prices of raw materials and components may materially and adversely affect our business, results of operations, and financial condition, and we may not be able to obtain sufficient raw materials and components that can meet our quality standards in a timely and cost-efficient manner or at all.

Costs for raw materials and components have a great impact on our cost of sales. Our raw materials and components for lithium-ion battery products primarily consist of cathode materials, anode materials, electrolyte, separators, battery cells, BMS, PCBs, plastic materials, precision structural parts and electronic components. In particular, the prices of cathode materials, anode materials, and electrolyte are significantly affected by the price of metals or commodities such as lithium, nickel, and cobalt. The supply and prices of these materials may fluctuate depending on a number of factors beyond our control, including but not limited to the availability of upstream mining resources, market supply and demand, potential speculation, market disruptions, cost of shipping and transportations, natural disasters, the condition of PRC and global economy and other factors.

During the Track Record Period, we experienced significant price fluctuations of certain key raw materials used in our battery production, primarily lithium cobalt oxide and lithium carbonate, which experienced price surges in 2022 and early 2023. According to CIC, the industry average price of cobalt increased from approximately RMB260 thousand/ton in the first half of 2020 to approximately RMB350 thousand/ton in the first half of 2021, and further increased to approximately RMB510 thousand/ton in the first half of 2022, after which the price of cobalt gradually declined and decreased to approximately RMB220 thousand/ton in the first half of 2025, before increasing to around RMB350 thousand/ton in the third quarter of 2025. The average price of nickel increased from approximately RMB100 thousand/ton in the first half of 2020 to approximately RMB200 thousand/ton in the first half of 2022, before gradually declining to approximately RMB130 thousand/ton in the third quarter of 2025. The industry average price of lithium cobalt oxide increased from approximately RMB310 thousand/ton in the first half of 2021 to approximately RMB510 thousand/ton in the first half of 2022, followed by a gradual decline and decreased to approximately RMB190 thousand/ton in the first half of 2025, before recovering to around RMB250 thousand/ton in the third quarter of 2025. The average price of lithium carbonate increased from approximately RMB40 thousand/ton in the second half of 2020 to approximately RMB160 thousand/ton in the second half of 2021, and further increased to approximately RMB520 thousand/ton in the second half of 2022, after which the price of lithium carbonate gradually declined and decreased to approximately RMB70 thousand/ton in the third quarter of 2025.

Our cost of raw materials as a percentage of revenue were 79.6%, 67.7% and 69.9% in 2022, 2023 and 2024, respectively, and 71.4% and 69.2% for the nine months ended September 30, 2024 and 2025, respectively. For the breakdown of our cost of raw materials by type, see “Financial Information — Principal Components of our Consolidated Statements of Profit or Loss — Cost of Revenue.” For illustrative purposes only, assuming that all other factors remain constant and that cost fluctuations cannot be passed on to customers, a 1%/5%/15% increase/decrease in our cost of raw materials would result in a decrease/increase of approximately RMB415.1 million/2,075.4 million/6,226.2 million, RMB324.2 million/1,621.2

RISK FACTORS

million/4,863.5 million, RMB391.6/1,957.8/5,873.4 million, RMB273.3 million/1,366.5 million/4,099.6 million and RMB301.1 million/1,505.4 million/4,516.1 million in our profit before income tax in 2022, 2023, 2024 and for the nine months ended September 30, 2024 and 2025, respectively. See “Business — Supply Chain Management — Raw Materials Procurement — Fluctuations in Raw Material Prices and Response Mechanisms” and “Financial Information — Principal Components of our Consolidated Statements of Profit or Loss — Cost of Revenue” for details. Any increases in the price of raw materials and components we need may materially and adversely affect our business, financial condition and results of operations. If there is a shortage of major raw materials and components or a sharp increase in prices, or internal procurement management measures have not been effectively implemented, we may not be able to purchase the raw materials and components required for manufacturing in a timely manner or at a reasonable price, thereby adversely affecting our manufacturing and operation.

Furthermore, if we are unable to mitigate the effects of fluctuations in raw material prices through various customer pricing actions and cost reduction initiatives, our profitability may be adversely affected. In the event that raw material prices decrease, we may experience pressure from our customers to reduce prices, and there can be no assurance that we would be able to reduce our cost base proportionally, which may have an adverse impact on our profitability. As a result of inflationary or deflationary economic conditions, it is possible that a limited number of our suppliers may either cease operations or require additional financial assistance from us in order to fulfill their obligations. Given the substantial purchases we make on a regular basis, factors ranging from changes in established relationship with suppliers and significant increases in costs of purchased raw materials and components could all result in manufacturing interruptions, delays, inefficiencies or an inability to market products. We have experienced, and may be in the future continue to experience, periods during which we may not be able to pass raw materials and components price increases on to customers. If we are not able to obtain required raw materials and components in a timely and cost-effective manner, our business, financial conditions, and results of operations may be adversely affected.

We may face supply chain risks as a result of our reliance on a limited number of suppliers for certain raw materials and components.

We rely on several suppliers for certain raw materials and components used in our manufacturing processes. In 2022, 2023 and 2024 and for the nine months ended September 30, 2025, the aggregate purchases from our five largest suppliers for each period amounted to approximately RMB20,931.1 million, RMB13,831.1 million, RMB14,421.4 million and RMB11,073.7 million, respectively, accounting for 44.8%, 40.6%, 32.2%, and 30.9% of our total purchases for the same periods, respectively. An interruption in our operations could occur if we encounter delays or difficulties in securing these raw materials and components, and if we cannot then obtain an acceptable substitute. Any such interruption could negatively impact research and development and manufacturing of our products, and significantly affect our business, financial condition, results of operations and reputation. In addition, any material misconduct or disputes against our suppliers could potentially affect our business and reputation.

RISK FACTORS

We believe that there are only a few other qualified suppliers that are currently capable of supplying the raw materials and components necessary for our manufacturing needs. The use of raw materials and components furnished by these replacement suppliers could negatively impact our product quality. As we source raw materials and components only from qualified suppliers that meet our criteria and have passed our examinations, transitioning to a new supplier would be time-consuming and expensive and may result in interruptions in our daily operations. There can be no assurance that we would be able to secure alternative raw materials and components supply without experiencing interruptions in our workflow. In the case of an alternative supplier, there can be no assurance that the raw materials or components supplied would be available or meet our quality control and performance requirements for our manufacturing processes. If we should encounter delay or difficulties in securing the raw materials and components, our business, financial condition, results of operations, and reputation could be adversely affected.

We are subject to counterparty performance risk.

We are subject to the risk of non-performance by our suppliers and customers of their contractual obligations, which may occur in a range of circumstances, including but not limited to:

- a significant reduction in prices of products could result in customers being unwilling or unable to honor their contractual commitments to purchase from us at pre-agreed prices;
- suppliers may take payment in advance from us and then find themselves unable to honor their delivery obligations due to financial distress or other reasons; and
- a significant increase in prices of raw materials and components could result in suppliers being unwilling to honor their contractual commitments to sell to us at pre-agreed prices.

Any of the above events could materially and adversely affect our business, financial condition and results of operations.

We face risks associated with our overseas operations and the sales of our products in overseas markets, including compliance with local laws and regulations, international trade policies, tariff regulations and geopolitical tensions.

We have overseas business operations and sell our products in overseas markets. In 2022, 2023 and 2024 and for the nine months ended September 30, 2025, our revenue derived from overseas sales amounted to RMB22,585.9 million, RMB20,456.2 million, RMB23,431.3 million and RMB17,225.2 million, accounting for 43.3%, 42.7%, 41.8% and 39.6% of our total revenue for the same periods, respectively. We intend to continue expanding our operations and exploring business opportunities in selected overseas markets. Business operations, including production, in and sales to foreign countries and territories expose us to various risks, including but not limited to:

- trade barriers, such as tariffs or embargoes, adverse tax policies or tax increases, and other forms of market access restrictions;

RISK FACTORS

- changes in foreign government regulations or policies, and stringent environmental protection laws;
- political risks, including risks of loss due to civil unrest, acts of terrorism, acts of war, regional and global political or military tensions, and strained or altered foreign relations with China or other relevant countries;
- risk of legal proceedings in foreign jurisdictions;
- lack of a well-developed or independent legal system in overseas countries in which we have operations, which may create difficulties in the enforcement of contractual rights;
- economic, financial and market instability and credit risks, including, for example, those relating to the potential deterioration of credit markets and other economic conditions in our overseas markets and other countries;
- foreign currency controls and fluctuations;
- lack of understanding of local corporate, foreign investment, environmental protection, taxation, customs, foreign exchange and other laws, regulations, standards and requirements, which might result in non-compliance with such laws and subject us to potential fines and penalties, and damage to our reputation;
- risks associated with obtaining and maintaining the necessary approvals, licenses, permits and filings to operate our business in foreign countries and regions;
- unfamiliarity with local operating and market conditions, and risks and uncertainty associated with using foreign agents connection with our overseas operations and sales;
- preferential treatment or corrupt business practice;
- dependence on foreign governments or entities controlled by foreign governments for electricity, water, transportation and other utility or infrastructure needs;
- adverse labor conditions or employee strikes;
- potential disputes with foreign partners, customers, subcontractors, suppliers or local residents or communities; and
- expropriation and nationalization of our assets in foreign countries.

RISK FACTORS

If any of the risks described above materialize, or if we are unable to manage these risks effectively, our ability to manage or grow our international business would be undermined, which may in turn materially and adversely affect our business, financial condition, results of operations and prospects.

Any quality issues associated with our products may expose us to potential product liability and warranty claims, result in product recalls, legal disputes, harm our reputation and cause our sales and market share to decline.

The success of our business depends on our ability to consistently deliver products with high quality and reliability. However, we cannot guarantee that our products do not have any defects or are always of high quality and reliability. For example, our products may contain defects that are not detected until after they are shipped or inspected by our customers. As our customers apply our products to their end products and sell to the downstream end users, we are also exposed to potential product liability claims, including class action lawsuits, from downstream end users of our products in the relevant jurisdiction in the event that the use of our products has resulted in any health or safety issue or damage. In addition, certain defects of our products may result from raw materials and components purchased from third-party suppliers. Such third-party suppliers may not indemnify us for defects as to such raw materials and components or would only provide us with limited indemnification that is insufficient to cover our damages resulting from the product liability claim. Moreover, as some of our manufacturing processes employ or create various hazardous substances, any defects or improper performance of our products may directly or indirectly result in serious harm to the environment and may be detrimental to human health and safety. Furthermore, we are unable to control how end consumers choose to use our products. Misuse of our products by end users may significantly and adversely affect their health and safety, which may in turn subject us to consumer complaints and product liability claims.

If the quality or performance of any of our products deteriorates for any reason, we may be faced with, among others, returns or cancellations of orders, customer complaints or product recalls. We may incur substantial costs associated with returns, replacements or recalls of our products, our credibility and market reputation could be harmed, and our sales and market share may be adversely affected. In addition, as a result of defective products, we may encounter additional compliance issues that could subject us to administrative proceedings and unfavorable results such as production rectification. Such proceedings and unfavorable results could have a material adverse effect on our business, financial condition and results of operations. Moreover, we may be subject to product liability claims from time to time. Product liability claims, with or without merit, may be costly and time-consuming to resolve, bring about negative publicity that could damage our reputation and result in higher scrutiny by the government or stricter regulation, all of which could materially and adversely affect our business, financial condition and results of operations.

As of the Latest Practicable Date, VREMT (Ningbo) Electric Vehicle Technology Co., Ltd. (威睿電動汽車技術(寧波)有限公司, “VREMT”) had initiated a civil lawsuit against Sunwoda Mobility Energy at the Ningbo Intermediate People’s Court, alleging that certain EV battery cells supplied under sales contracts from 2021 to 2023 failed to meet agreed specifications and resulted in losses. VREMT is claiming approximately RMB2.3 billion in damages, representing approximately 4.1% of our total revenue in 2024, plus interest. As of the

RISK FACTORS

date of this document, the court has not held a hearing. If we fail to successfully defend the VREMT sales contract dispute, it could face monetary damages and related costs, potential payments for product replacements, diversion of management attention, and possible adverse effects on business, results of operations, financial condition, and reputation. Defending the case may be costly and time-consuming, involving legal, appraisal, and court costs, ongoing technical analyses, and management resources, with timing uncertain since the case is at an early stage and may proceed to a first-instance trial if no settlement is reached. In addition, even though we have enhanced quality controls and governance measures to mitigate such risks, any adverse outcome or publicity around product quality disputes could harm our brand and customer perceptions. See “Business — Legal Proceedings and Compliance — Sales Contract Dispute” for details.

We are subject to various regulatory and customer-imposed guidelines and may not be successful in maintaining an effective quality control system.

The performance, quality and safety of our products are critical to our end-user customers and our success.

Our quality control system has been certified to meet various quality standard in China and overseas. See “Our Business — Quality Control” for details. However, the effectiveness of our quality control system is determined by various factors, including the design of the system, implementation of quality standards, quality of training programs and our employees’ adherence to our quality control policies and guidelines. If we fail to maintain an effective or adequate quality control system, we may manufacture defective products that would expose us to warranty claims which may include return, replacement or recall of our products and other compensation and product liability. Any such claim, regardless of whether it is ultimately successful, could cause us to incur significant costs, harm our business reputation and result in significant disruption to our operations. Furthermore, if any such claim is ultimately successful, we could be required to pay substantial monetary damages or penalties, which could have a material adverse effect on our results of operations and financial condition.

Our operations are subject to a variety of laws and regulations in the jurisdictions where our products are sold relating to production safety, health and environmental conditions. To comply with them, we need to implement and maintain an effective quality control system to perform various inspections over the course of our entire manufacturing process. Despite our efforts, we cannot assure you that our quality control system will always be effective. Any significant failure or deterioration of our quality control system in respect of, among other things, our manufacturing process and product inspection may seriously damage our product quality. A decline in product quality will affect our reputation in the market and among our existing or prospective customers, which may lead to reduced orders or loss of customers, and may materially and adversely affect our business, financial condition and results of operations. Moreover, our battery products are installed in the end products sold by our customers, and we have no control over the installation or any part of the production process of our customers. Any quality issues arising from improper installation and mishandling of our products, or defects associated with the end products in which our batteries are integrated, whether or not caused by defects in our products, could negatively affect our reputation, thereby harming our business and future prospects.

RISK FACTORS

Failure to continue developing and maintaining cost-effective production may materially and adversely affect our business, results of operations, and financial condition.

Our success is attributable to our ability to produce our products in a cost-effective manner, which in turn depends on our ability to maintain optimal utilization of our production facilities and to effectively expand our production capacity and enhance production efficiency. Our ability to optimize our production capacity or to keep our production facilities up to date is subject to risks and uncertainties that including fluctuations in the demand for our products and increases in the costs of operating our production facilities. Failure to mitigate such risks may lead to additional production costs, thereby adversely affecting our financial condition and profitability. In addition, as we continue to improve our production facilities in the future, we may face additional quality control risks, significant expenses, and other inherent risks. We may not be able to produce our solutions and products with sufficient quality and cost-effectiveness to satisfy our manufacturing standards. We cannot guarantee that we will fully utilize our production capacity, or that we will achieve an adequate return on our investments in our production facilities. As a result, any failure to continue maintaining cost-effective production facilities may have a material and adverse effect on business, results of operations, and financial condition.

Our manufacturing processes are subject to risks of disruptions that can significantly increase our manufacturing costs.

Our manufacturing processes are highly complex, requiring sophisticated and costly equipment that is periodically modified and upgraded to improve manufacturing yields and product performance and reduce unit manufacturing costs. These modifications and upgrades expose us to the risk that manufacturing difficulties will arise from time to time, causing delivery delays, reduced output or both. We may also encounter these difficulties in connection with the adoption of new manufacturing process technologies. We cannot provide assurance that we will not experience manufacturing problems in achieving acceptable output, product delivery delays or both as a result of, among other factors, construction delays, difficulties in upgrading or modifying existing production lines or building new plants, difficulties in upgrading or modifying existing or adopting new production line technologies or processes or delays in equipment deliveries, any of which could constrain our capacity and adversely affect our results of operations.

Our manufacturing depends on a stable, timely and adequate supply of utilities at commercially reasonable prices.

In addition to raw materials and components related to our products, we depend on the supply of utilities in order to maintain our manufacturing processes. Our manufacturing volume and costs are dependent on our ability to source sufficient utilities at acceptable prices and maintain a stable supply. The prices for the supply of utilities and auxiliary materials are subject to price volatility attributable to a number of factors which may be beyond our control, including inflation, supplier capacity constraints, general economic conditions, commodity price fluctuations, demand from other industries for the same materials, the availability of

RISK FACTORS

complementary and substitute materials, and local and national regulatory requirements. Furthermore, there can be no assurance that shortages of supply utilities and auxiliary materials will not occur in the future or that we will be able to pass on any cost increases in utilities and auxiliary materials to our customers. Significant fluctuations in such costs may have a material effect on our profitability if we are unable to adjust the prices of our products accordingly, and may also harm our competitive advantage with respect to the affected products. In particular, increases in utilities and auxiliary materials prices that we are unable to pass on to our consumers will reduce our profit margins. Moreover, if the supply of utilities and auxiliary materials is affected by natural disasters, adverse weather conditions, suppliers’ equipment failures, disruptions in transport or other inclement factors, we may not be able to locate alternative sources of supply in sufficient quantities, of suitable quality and/or at acceptable prices. Any such events may have a material adverse effect on our business, financial condition and results of operations.

We may not be successful in implementing our future business plans and strategies.

We strive to achieve sustainable growth and further strengthen our competitiveness in the markets in which we operate by implementing our business strategies. See “Business — Our Strategies” for details. Nonetheless, our business plans and strategies are based on assumptions of future events which may entail certain risks and are inherently subject to uncertainties. These assumptions may not be correct, which could affect the commercial viability of our business plans and strategies. As such, there can be no assurance that our business plans and strategies will be implemented successfully as scheduled or at all. Specifically, we plan to continue to strengthen our leadership in the consumer battery market, further cultivate our EV battery business and expand and strengthen our ESS business by expanding our product offerings, investing in research and development, increasing production capacity and deepening the cooperation with our customers. However, the success of our future expansion plans depends on a number of factors that are beyond our control, such as the construction progress of third-party constructors, changes in local laws, regulations and government policies, the availability of low-cost skilled labor, the development of technologies and changes in consumer demands. In addition, the integration of new business sectors into our existing operation may be subject to unforeseeable delays, which may, among other effects, increase our operation costs, strain our production capacity, cause delays in delivery of customer orders and decrease our operational efficiency. Accordingly, we may not be able to achieve the expected expansion of our operations or manage our growth in a timely or cost-effective manner.

If we fail to implement our business plans and strategies effectively and efficiently, we may be unable to expand our operations, manage our growth, take advantage of market opportunities or remain competitive in the industry. Furthermore, even if we implement our business plans and strategies effectively and efficiently, there may be other unexpected events or factors that may prevent us from achieving desirable and profitable results. Our business, financial condition, results of operations and growth prospects may be materially and adversely affected if our future business plans and strategies fail to achieve positive results.

RISK FACTORS

Any changes in or discontinuation of preferential tax treatment and government subsidies currently available to us could adversely affect our business, results of operation, and financial condition.

During the Track Record Period, we received certain government grants and preferential tax treatment according to relevant policies. Our government grants mainly included subsidies in relation to our contributions to the local economy. In 2022, 2023 and 2024 and for the nine months ended September 30, 2025, our government grants amounted to RMB304.3 million, RMB237.4 million, RMB329.8 million, and RMB193.2 million, respectively. See “Financial Information — Principal Components of Our Consolidated Statements of Profit or Loss — Other Income” for details. Meanwhile, certain subsidiaries of the Company were eligible for certain preferential corporate income tax rates and tax concessions during the Track Record Period. Government grants are recognized when there is reasonable assurance that they will be received and that we will comply with the conditions attaching to them. The government grants we received during the Track Record Period represented various forms of incentives and subsidies granted to our Group by government authorities. These government grants were mainly non-recurring in nature, and the amounts of these grants were subject to the discretion of governments. We cannot guarantee that we will receive such government grants and preferential tax treatment in the future, and our financial condition and results of operations may be adversely affected if we fail to obtain such government grants in the future.

We cannot assure you that the preferential tax treatment we have received in the PRC or any other jurisdictions will not change or that any preferential tax treatment we enjoy or will be entitled to enjoy will not be terminated. For example, in the past, the Company and a number of our PRC subsidiaries were recognized as a “high-tech enterprise” and as a result enjoy a preferential corporate income tax rate of 15%, which was lower than 25% statutory corporate income tax rate in the PRC. See “Financial Information — Principal Components of Our Consolidated Statements of Profit or Loss — Income Tax Credit or Expenses” for details. We cannot assure you that we will continue to enjoy the preferential tax treatment. If any change or termination of preferential tax treatment occurs, the increase in our tax charge or any other related tax liabilities could materially and adversely affect our results of operations and financial condition.

Our sales are subject to seasonality.

Our business operation exhibits certain seasonality. In general, we record higher sales performance in the second half of each year, driven by increased demand during holiday seasons and the release of new models for end products in which our batteries are used. This seasonal pattern may result in fluctuations in our results of operations. As a result, comparing our results of operations across the different periods of a given year as an indicator of our performance may not be meaningful and should not be relied upon as indicators of future performance. Furthermore, if our operations are disrupted or affected by unpredictable events taking place during our stronger quarter, our business, financial condition and results of operations could be materially and adversely affected.

RISK FACTORS

Our reputation is key to our business success. Negative news or publicity may adversely affect our reputation, business and growth prospects.

Any negative news or publicity in relation to us, or any of our Directors, management, Single Largest Shareholders and joint ventures or business partners or counterparties, or any of their respective affiliates, among others, whether or not they act on our behalf or otherwise utilize or share our brand name, and even if proven untrue, such as news or publicity relating to product quality issues, regardless of whether such issues involve our products, or news or publicity relating to our joint ventures, could adversely affect our reputation, business and growth prospects. We cannot assure you that such negative news or publicity would not damage our reputation or brand image. Given our specialized industry and market, negative news, publicity and word of mouth could spread quickly and negatively impact our reputation, brand image or relationship with third parties, which could have a material adverse effect on our business, financial condition and results of operations. Even if we are not a party to, not involved in, and not liable to litigations, disputes and allegations, we cannot assure you that any of such negative news or publicity will not affect our reputation, brand image or relationship with third parties, which could in turn have a material adverse effect on our business, financial condition and results of operations.

Higher labor costs and inflation may adversely affect our business, results of operations, financial condition, and prospects.

Any rise in inflation may lead to our suppliers charging us higher prices for raw materials and components. Labor costs have also increased with the economic development of developing countries and labor shortage and inflation around the world. For instance, the average wage in China has risen in recent years and is expected to continue to rise. Factors such as changes in minimum wage laws or increased competition for skilled labor in our industry may continue to exert upward pressure on our salary expenses. We may have to adjust our pricing to pass on the increased costs to our customers, and such pricing adjustments may reduce the competitiveness of our products and services, resulting in reduced customer demand or market share loss.

Our business operations and expansion depend upon the retention of our senior management, key research and development personnel, as well as our ability to attract and retain qualified and experienced employees.

Our business development and competitive advantages rely heavily on our senior management and R&D capabilities. Our sustainable growth relies on our ability to maintain a highly skilled senior management and R&D team. If we are unable to attract, train, and retain qualified talent, particularly research and development personnel, our ability to sustain growth and remain competitive may be adversely affected. To compete for talent, we may need to offer higher compensation, better training, more attractive career development, and other benefits to our employees, which may cause us to incur additional costs. However, we cannot guarantee we will be able to attract or retain the skilled employees needed to achieve our strategic objectives or meet the demand of our growing business in a timely manner, or at all. In addition, due to intense competition for talent, we may face risks of losing core management and technical personnel.

RISK FACTORS

Our strategic acquisitions, joint ventures or other investments may not be successful, and we may not realize anticipated strategic benefits and financial returns from such transactions.

As part of our business strategy, we from time to time evaluate potential acquisitions, investments and alliances, including joint ventures, minority equity investments and strategic investments. These transactions involve numerous risks, including but not limited to:

- difficulties in identifying suitable acquisition or investment targets or engaging in intense competition for attractive targets;
- the failure to achieve the expected benefits of the acquisition, investment or alliance;
- difficulties in, and the cost of, integrating operations, technologies, services and personnel;
- write-offs of investments or acquired assets;
- non-performance by, or conflicts of interest with, the parties with whom we enter into investments or alliances;
- limited ability to monitor or control the actions of other parties with whom we enter into investments or alliances;
- misuse of proprietary information shared in connection with an acquisition, investment or alliance; and
- depending on the nature of the acquisition, investment or alliance, exposure to new regulatory risks.

The realization of any of these risks could materially and adversely affect our business. In addition, if we finance acquisitions by issuing equity or convertible debt securities, our existing shareholders may be diluted, which could affect the market price of our A Shares. Furthermore, we may fail to identify or secure suitable acquisition, investment and other strategic opportunities, or our competitors may capitalize on such opportunities before we do, which could impair our ability to compete with our competitors and adversely affect our growth prospects and results of operations.

RISK FACTORS

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

Our business and production are subject to various risks, including operational and transportation-related risks and occupational and environmental hazards. We must comply with the extensive environmental, handling of hazardous substances, chemical manufacturing, health and safety laws and regulations and stringent standards in relation to the manufacturing and sale of battery products promulgated by the local government authorities in the jurisdictions where our production sites are located. According to these laws and regulations, we are required to maintain safe production conditions and protect the occupational health of our employees. We may experience various types of difficulties in connection with the manufacturing of our products. Certain of the raw materials and chemicals used in our battery production are hazardous and their storage and use in the manufacturing process involve inherent risks including the leakage of flammable substances, toxic gases and liquids, equipment failures, industrial accidents, fires and explosions. Work safety incidents and accidents if they occur, could materially affect our production and may give rise to personal injuries and fatalities, damages to or destruction of properties or manufacturing facilities, and pollution and other environmental damages. While we conduct regular inspections of the facilities we operate and conduct regular equipment maintenance to ensure that our operations comply with applicable laws and regulations, we cannot assure you that we will not experience any major accidents or work-related injuries in our future production processes.

Our operations may also be subject to difficulties related to the manufacturing such as capacity constraints, mechanical and systems failures, construction and upgrade delays and equipment delivery delays, any of which could cause suspension of production and reduced output. Scheduled and unscheduled maintenance programs may also affect our manufacturing output. Any significant production suspension or reduction could adversely affect our ability to produce and sell our products, which could have a material adverse effect on our business, financial condition and results of operations.

We have implemented risk management and internal control systems with respect to our business operations. See “Business — Risk Management and Internal Control” for details. However, there is no assurance that our risk management and internal control systems are adequate or effective to fully protect us against the potential risks inherent in our business. 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 the 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 have a material and adverse effect on our business and results of operations.

RISK FACTORS

We are subject to the risk associated with the failure or malfunction of our IT systems.

Our business relies on the proper functioning of our IT systems. We utilize a number of IT systems to manage all aspects of our operations. As a result, our IT system is critical for our daily operations. However, we cannot provide any assurance that our IT systems will always operate without interruption. We have encountered some mismanagement incidents with our technology system in the past. We cannot guarantee that similar incidents will not happen again in the future and cannot guarantee such incidents, if happen, will not have any material adverse effect on our business, financial condition, results of operations or prospects.

Any malfunction and mismanagement, including but not limited to cyber-attacks, unauthorized access or control, of a particular component of our IT systems may adversely affect our business and results of operations. In addition, we need to constantly upgrade and improve our IT systems to keep up with the continuous growth of our operations and business. We may not always be successful in installing, running or implementing new software or advanced IT systems as required by our business development. All of these may have a material and adverse impact on our business, financial condition and results of operations.

Our insurance may not sufficiently cover all losses or potential claims that could affect our business, results of operations, and financial condition.

We face various risks in connection with our business and maintain insurance policies to safeguard against these risks and unexpected events related to our operations. Our current insurance coverage, which includes property insurance, machine damage insurance, product liability insurance, export trade credit insurance, public liability insurance and employer liability insurance, complies with mandatory requirements under applicable laws and regulations and aligns with industry practice. See “Business — Insurance” for details. However, there can be no assurance that our insurance coverage will be adequate to fully protect against all our risk exposures and prevent us from incurring losses. In addition, there is no guarantee that we will be able to successfully claim on our current insurance policies in a timely manner or at all, due to possible exclusions and limitations on coverage. If our insurance coverage is unavailable or insufficient to address any such exposures, we may face substantial costs and resources diversion, which, in turn, could materially and adversely affect our business, results of operations, and financial condition.

Our Single Largest Shareholders may have substantial influence over our Company and their interests may not be aligned with the interests of other Shareholders.

Our Single Largest Shareholders, Mr. Wang Mingwang and Mr. Wang Wei, have a significant influence in determining the outcome of major corporate transactions that require shareholders’ approval, and may potentially have conflicts of interest with us. In the case of a conflict of interest and the Single Largest Shareholders do not act in our best interest, our consolidated financial condition and results of operations may be adversely affected.

RISK FACTORS

Our Single Largest Shareholders have pledged their shares, which may give rise to potential ownership disputes.

As of the Latest Practicable Date, our Single Largest Shareholders, Mr. Wang Mingwang and Mr. Wang Wei, pledged 33,150,000 and 12,480,000 A Shares held by them, respectively, representing approximately 1.79% and 0.68% of the total number of issued Shares of our Company, respectively. For details, see “Substantial Shareholders — Share Pledges by Our Single Largest Shareholders.” If an event of default occurs, include, among others, non-repayment, misrepresentation and breach of certain covenant under the relevant financing arrangements, the lenders may be able to enforce their rights against our Single Largest Shareholders, including enforcing their rights against all of the pledged shares in our Company. In such event, our Single Largest Shareholders may no longer be able to maintain the current level of interest in our Company.

Any unexpected disruptions to our business operations, future force majeure events, natural disasters, acts of war or terrorism, the outbreak of any pandemics, or the occurrence of other incidents that are beyond our control may adversely affect our business, results of operations, and financial condition.

Our business may be adversely affected by the occurrence of typhoons, severe storms, earthquakes, floods, fires or other natural disasters or similar events especially in the areas where we operate. In addition, any outbreak of a contagious disease such as SARS, Ebola, Zika or, most recently, COVID-19 could disrupt our operations with respect to our global supply chain, production, delivery and sales. Such events could decrease the demand for our products, impact the productivity of our workforce, make it difficult or impossible for us to manufacture and deliver products to our customers in a timely manner, or to receive materials and equipment from our suppliers. Should major public health emergencies, including pandemics, arise, we could be adversely affected by more stringent employee travel restrictions, additional requirements in freight, relevant policies affecting the movement of products between regions, delays in the ramp-up of the production capacity and disruptions in the operations of our suppliers. In the event of a natural disaster, we could incur significant losses, which could require substantial recovery time and result in significant expenditures in order to resume operations.

RISKS RELATING TO OUR FINANCIAL PERFORMANCE

If we fail to maintain optimal inventory levels and manage our inventory effectively, we may incur additional impairment and suffer inventory obsolescence.

We must maintain a certain level of inventories to ensure smooth manufacturing and timely delivery to our customers to operate our business successfully and meet our customers’ demands and expectations. Our inventories mainly include finished goods and raw materials and work in progress. As of December 31, 2022, 2023 and 2024 and September 30, 2025, our inventories, net of provision for impairment, amounted to RMB9,874.5 million, RMB7,044.6 million, RMB7,485.1 million and RMB9,934.8 million, respectively, while our provisions for

RISK FACTORS

inventory impairment amounted to RMB663.8 million, RMB737.9 million, RMB345.9 million and RMB326.9 million, respectively. In 2022, 2023, 2024 and for the nine months ended September 30, 2025, we recorded inventory write-downs of RMB622.3 million, RMB628.9 million, RMB299.6 million and RMB257.8 million, respectively, which primarily included (i) write-downs for raw materials of RMB163.6 million, RMB103.0 million, RMB39.3 million and RMB70.5 million; (ii) write-downs for work in progress of RMB161.2 million, RMB93.3 million, RMB91.9 million and RMB51.6 million; and (iii) write-downs for finished goods of RMB258.6 million, RMB404.9 million, RMB139.8 million and RMB112.5 million for the same periods, respectively. These write-downs were mainly attributable to (i) raw material price fluctuations which led to inventory costs higher than the net realizable values; and (ii) relatively higher unit production costs resulting from lower production capacity utilization rate during the ramp-up stage of certain products. Forecasts are inherently uncertain. If our forecasted demand is lower than what eventually transpires, we may not be able to manufacture our products in a timely manner, and we may lose sales and market share to our competitors. On the other hand, we may also be exposed to increased inventory risks due to accumulated excess inventories. Excess inventory levels may lead to increases in inventory costs, risks of inventory obsolescence and provisions for write-downs, which will materially and adversely affect our business, results of operations, financial condition and prospects.

In order to maintain an appropriate inventory level to meet our manufacturing demand, we adjust our manufacturing planning from time to time based on the expected delivery schedule of supplies, customers’ orders and anticipated market demand. We also carry out inventory review and physical stock take on a regular basis. However, we cannot guarantee that these measures will always be effective and that we will be able to maintain an appropriate inventory level, the failure of which could have a material adverse effect on our business, results of operations and financial condition.

We may fail to recover our trade and notes receivables in a timely manner, which may negatively affect our liquidity and financial condition.

As of December 31, 2022, 2023 and 2024 and September 30, 2025, our trade and notes receivables, net of credit loss allowance, amounted to RMB13,432.0 million, RMB12,784.2 million, RMB16,513.0 million and RMB17,400.8 million, respectively. We recorded allowance for credit losses of trade receivables of RMB93.3 million, RMB80.9 million, RMB157.2 million and RMB211.3 million as of December 31, 2022, 2023 and 2024 and September 30, 2025 respectively. The specific default rates of our trade receivables, analyzed by aging categories, were as follows as of December 31, 2022, 2023 and 2024 and September 30, 2025, (i) within 6 months, 0.3%, 0.3%, 0.4% and 0.4%, respectively; (ii) 6 months to 1 year, 2.5%, 2.9%, 2.6% and 2.0%, respectively; (iii) 1 to 2 years, 12.0%, 14.7%, 13.6% and 16.1%, respectively; (iv) 2 to 3 years, 31.8%, 16.1%, 14.1% and 29.7%, respectively; and (v) over 3 years, 100.0%, 100.0%, 78.2% and 99.2%, respectively.

RISK FACTORS

There can be no assurance that we will be able to maintain our trade receivables turnover days at a reasonable level. Should the credit worthiness business operation or financial condition of our customers deteriorate, or should a significant number of our customers fail to settle their trade receivables in full for any reason, we may continue to incur impairment losses in the future and our results of operations and financial position could be materially and adversely affected. In addition, there may be a risk of delay in payment by our customers within their respective credit period, which in turn may also result in an impairment loss provision. There is no assurance that we will be able to fully recover our trade receivables from the customers or that they will settle our trade receivables in a timely manner. In the event that settlements from customers are not made on a timely manner, or at all, our financial condition and results of operations may be materially and adversely affected.

Fluctuations in exchange rates may result in foreign exchange losses and materially and adversely affect our financial performance.

We are exposed to foreign exchange risk through our overseas operations and the sales of our products in overseas markets along with purchases and borrowings, which give rise to cash and cash equivalents, accounts receivable, accounts payable and short-term borrowings balances, with the majority denominated in US dollars and the minority denominated in Rupees and other foreign currencies. In 2022, 2023 and 2024 and for the nine months ended September 30, 2025, our revenue derived from overseas sales amounted to RMB22,585.9 million, RMB20,456.2 million, RMB23,431.3 million, and RMB17,225.2 million, accounting for 43.3%, 42.7%, 41.8%, and 39.6% of our total revenue for the same periods, respectively. With the overseas expansion of our business, we expect our exports to gradually increase, which will lead to an increased level of foreign exchange risk. During the Track Record Period, we recorded net foreign exchange losses of RMB156.3 million and RMB118.0 million in 2022 and for the nine months ended September 30, 2025, respectively, and net foreign exchange gains of RMB74.8 million and RMB46.7 million in 2023 and 2024, respectively. We entered into derivative instruments to hedge against fluctuations of exchange rates. However, there is no guarantee that our use of hedging instruments will be successful at mitigating our risk exposure, and our hedging activities may result in additional losses if we fail to successfully forecast the exchange rate fluctuations within a given time frame. Any increased costs or reduced revenues as a result of foreign currency exchange fluctuations could adversely affect our margins.

Our financial liabilities may expose us to risks and uncertainties.

Our outstanding indebtedness primarily consisted of short-term and long-term borrowings, short-term and long-term lease liabilities, and convertible bonds. As of November 30, 2025, our outstanding indebtedness amounted to RMB33,944.5 million with the following maturity profile, (i) approximately RMB18,671.1 million, or 55.0%, due within one year or on demand; (ii) RMB3,452.6 million, or 10.2%, due between one and two years; (iii) RMB6,666.2 million, or 19.6%, due between two and five years; and (iv) RMB5,154.6 million, or 15.2%, due beyond five years. These debt service requirements primarily comprise principal repayments of bank borrowings, lease obligations and convertible bonds. As of November 30, 2025, our short-term and long-term borrowings bore an effective interest rate of 2.08% to 4.56% and 2.24% to 4.96% per annum, respectively.

RISK FACTORS

Our ability to meet our financial obligations largely depends on our operating performance and the ability of our customers to fulfill their payment obligations to us. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. If we encounter difficulties in generating sufficient cash to repay our outstanding financial liabilities, our liquidity, business, results of operations and financial condition may be materially and adversely affected, and we may not be able to expand our business. In addition, we are exposed to interest rate risk resulting from interest rate fluctuations. As of December 31, 2022, 2023 and 2024 and September 30, 2025, our total borrowings bearing floating rates amounted to approximately RMB3,706.3 million, RMB7,237.7 million, RMB7,940.4 million and RMB11,702.2 million, respectively. If interest rates had been 50 basis points higher or lower with all other variables held constant, our profit before tax would have decreased or increased by approximately RMB18.5 million, RMB36.2 million, RMB39.7 million and RMB58.5 million for the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, respectively. Considering the repricing or maturity dates, the fair value interest rate risk arising from our borrowings and bank balances carried at fixed rates is not significant. Rising interest rates could increase interest expenses relating to our outstanding floating-rate borrowings, which could materially and adversely affect our business, results of operations, financial condition and prospects. We also cannot assure you that we will be able to renew existing borrowings, or secure new borrowings from banks or other financial institutions, whether on commercially acceptable terms or not. If the banks and other financial institutions providing existing borrowings do not continue to extend similar or more favorable facilities to us and we fail to obtain alternative borrowings on comparable terms or at all, our construction projects may result in delay, our operation and expansion may be curtailed and we may be forced to give up certain business opportunities. As a result, our business, financial position and results of operations will be adversely affected.

We are exposed to changes in the fair value of our financial assets measured at fair value.

As of December 31, 2022, 2023 and 2024 and September 30, 2025, we had equity investments measured at fair value through other comprehensive income (“**FVOCI**”) of RMB91.9 million, RMB91.9 million, RMB89.0 million and RMB89.0 million, respectively, and notes receivables at FVOCI of RMB295.7 million, RMB561.0 million, RMB658.4 million and RMB511.1 million as of the same dates, respectively. As of the same dates, we had other financial assets at fair value through profit or loss (“**FVPL**”) of RMB1,102.7 million, RMB1,517.8 million, RMB1,435.6 million and RMB1,741.6 million, respectively. Fair values of financial assets at FVPL are determined based on quoted prices (adjusted) in active markets, other market-observable inputs, or unobservable inputs using valuation techniques. See Note 3.5 and Note 15 to the Accountants’ Report as set out in Appendix I to this Document for details.

RISK FACTORS

For financial assets measured at FVOCI and FVPL, factors beyond our control can significantly influence and cause adverse changes to the market-observable inputs that we use and thereby affect the fair value of such financial assets. These factors include, but are not limited to, general economic condition, changes in market interest rates, stability of the capital markets, shifts in our creditworthiness and other market-driven variables. Any of factors could cause the fair values to fluctuate or our estimates to vary from actual results, which could materially and adversely affect our results of operation and financial condition. Additionally, judgment and estimation are required in establishing the relevant valuation techniques where market-observable data for certain financial assets are not readily available, which inherently involves a certain degree of uncertainty. Changes in assumptions relating to our valuation could result in material adjustments to the fair value of such financial assets, which may have a material adverse effect on our financial position and results of operations.

We have investments in associates and joint ventures, and our financial condition and results of operations may be affected by the fluctuation of share of results of such investments.

During the Track Record Period, we invested in certain associates and joint ventures, which were accounted for using the equity method. As of December 31, 2022, 2023 and 2024 and September 30, 2025, the balances of our investments in associates and joint ventures were RMB551.3 million, RMB879.9 million, RMB942.1 million and RMB1,027.8 million, respectively. Our equity investments may be subject to a variety of risks that are beyond our control, including but not limited to the risks that (i) the investee company incurs liabilities and expenses in excess of expectations and relevant negative matters that we fail to identify in our due diligence; (ii) the investee company is making a loss; (iii) the investee company fails to meet the conditions under which it may declare and pay dividends; or (iv) other shareholders of these associates and joint ventures have economic or business objectives that are inconsistent with ours, suffers financial difficulties, or is unable or unwilling to fulfill its obligations under the investment contract. If any of these events occur, our business, financial condition and results of operations may be adversely affected.

Furthermore, we are subject to liquidity risk associated with investments in associates and joint ventures, especially when no dividends are declared by such parties and investments in these vehicles are not as liquid as other investment products. Large investment in an associate or a joint venture would require significant financial resources, resulting in significant cash outflow, increased debt financing, or both. As such, we may not be able to readily generate any cash flow from our investment in associates and joint ventures to fund our operations from time to time, or at all.

RISK FACTORS

We may need additional capital, and we may not be able to obtain it on favorable terms or at all.

We primarily relied on cash flow generated from operating activities and financing activities to fund our business operations during the Track Record Period. We may, however, require additional cash resources due to changed business conditions or other future developments, including any launch of new products and services, exploration of new businesses, expansion into new countries and regions, various R&D activities and marketing initiatives or investments we may decide to pursue. If we fail to obtain sufficient cash flow from operating activities, we may need to obtain additional equity or debt financing. If such financing is not available to us on satisfactory terms or in a timely manner, our ability to operate and expand our business or to respond to competition could be adversely affected. In addition, our indebtedness may subject us to relevant covenants that restrict our operations and our ability to effectuate certain corporate decisions for our business, and will require interest and principal payments that could create additional cash demands and financial risk for us.

We historically invested and may in the future invest in wealth management products.

During the Track Record Period, we invested in wealth management products to mobilize our capital and generate investment returns for the benefits of our Shareholders. As of December 31, 2022, 2023 and 2024 and September 30, 2025, our wealth management products amounted to RMB110.0 million, RMB404.4 million, RMB151.4 million and RMB344.7 million, respectively. Going forward, we may from time to time invest in wealth management products with low/medium risks or low-risks on a case-by-case basis if these products are in our interest upon evaluations and analyses. The investment in wealth management products may be subject to various risks that are out of our control, including risks relating to macro-economic environment and general market conditions, as well as the risk control and the credit of the issuing banks. We cannot assure you that we will achieve gains on the wealth management products we invest in or we will not incur any losses on our investments in wealth management products in the future. If we incur such losses, our results of operations, financial condition and prospects may be adversely affected. There can also be no assurance that the internal policies and guidelines that we currently have in place to manage our investment in wealth management products will always be effective, or at all. If we fail to properly manage the risks in relation to our investment in wealth management products, we may incur losses, and as a result, our financial condition may be adversely affected.

Failure to fulfill our obligations related to our contract liabilities could adversely affect our results of operation, liquidity and financial position.

Our contract liabilities are recognized when payment from a customer is received or is due (whichever is earlier) before we transfer the related goods or services. As of December 31, 2022, 2023 and 2024 and September 30, 2025, we had contract liabilities of RMB595.6 million, RMB602.5 million, RMB665.4 million and RMB1,296.4 million, respectively. If we are not able to fulfill our obligations with respect to our contract liabilities, the amount of such contract liabilities will not be recognized as revenue. As a result, our results of operations, liquidity and financial position may be materially and adversely affected.

RISK FACTORS

RISKS RELATING TO THE LEGAL AND REGULATORY REQUIREMENTS

Our business depends on our ability to protect our intellectual property rights. We may also face intellectual property infringement claims, which could be expensive to defend and may disrupt our business operations.

We own certain intellectual property, including our trademarks, copyrights, patents, and proprietary technologies, all of which we regard as critical to our success. See “Business — Intellectual Property” for details. We rely on a combination of intellectual property laws and contractual arrangements, including confidentiality and non-compete agreements with our employees, to protect our intellectual property rights. However, patent applications and other filings of intellectual property rights may be time-consuming and costly. There is no guarantee that we will be able to file our application at a reasonable cost, or our application will be approved in a timely manner. We cannot assure you that our employees will always comply with the terms as set forth in their employment contracts, which prohibit the unauthorized use of our intellectual property rights. These agreements may not effectively prevent disclosure of confidential information and may not provide an adequate remedy in the event of unauthorized disclosure of confidential information. In addition, third parties may independently discover trade secrets and proprietary information, such as our source codes and design blueprints, limiting our ability to assert any trade secret rights against such parties, or misappropriate our intellectual property despite our protective measures. Furthermore, our intellectual property rights may be challenged by a third party or be declared invalid or unenforceable. If we are not able to adequately protect our intellectual properties, our competitors may offer products with similar features or utilize similar technologies in their products, leading to a loss in our market competitiveness. This could adversely and materially affect our business, results of operations and financial conditions.

In addition, we may be accused of infringing the intellectual property rights of others. We cannot guarantee that our operations or any aspects of our business do not, or will not, infringe upon or otherwise violate intellectual property rights held by third parties. There is no assurance that intellectual property-related challenges will not arise in the future. There could also be existing intellectual property rights that our products may inadvertently infringe. If we are found to have violated the intellectual property rights of others, we may be subject to liabilities, prohibited from using such intellectual property, and required to pay licensing fees or develop alternative technologies. In addition, we may incur significant expenses and be forced to divert managerial and financial resources from our business operations to defend against these infringement claims, regardless of their merits. Successful infringement or licensing claims made against us may result in substantial costs and materially disrupt our business operations by restricting or prohibiting our use of the intellectual property in question. Consequently, our business, results of operations, and financial condition could be materially and adversely affected.

RISK FACTORS

We may experience delays or failures in obtaining and renewing necessary governmental approvals, licenses, or permits required for our business and/or new construction or expansion projects.

We are required to obtain various approvals, permits, licenses and certificates throughout multiple stages of our new construction or expansion projects and our global operations. Various completion inspections are also required before we commence production at our new facilities. Generally, such approvals, licenses, permits, certificates or inspections are only issued, renewed or completed after certain conditions have been satisfied. We cannot assure you that we will not encounter obstacles that delay us in obtaining or completing, or result in our failure to obtain or complete, the required approvals or inspections. In the event that we encounter significant delays in obtaining or renewing the necessary government approvals for any of our new construction and expansion projects or our operations, or fail to timely complete the inspections for our new production facilities, we will not be able to continue with our development plans or production activities, and our business, financial condition and results of operations may be adversely affected.

New legislations or changes in policies and regulatory requirements regarding the lithium-ion battery industry and the downstream markets of our products may affect our business operations and prospects.

Our lithium-ion batteries are incorporated into a number of end products, which include but are not limited to consumer products, EVs and ESS. New legislations or changes in the PRC or other jurisdictions’ regulatory requirements regarding these end markets may affect our business, financial condition, results of operations and prospects. There is no guarantee that favorable industry policies or regulatory requirements may continue to exist in the future. We may need to change or adapt our business focus from time to time in response to the new rules and regulations regarding the end markets of our products, but we may not be able to do so in a timely and efficient manner. Failure to do so may adversely affect our business operations and prospects.

Any legal or regulatory proceedings against us, or non-compliance with A Share and GDR listing requirements could be costly and time-consuming to defend or settle and could harm our reputation.

Our business is subject to various litigation and legal compliance risks. The results of legal and regulatory proceedings can be difficult to assess or quantify. Regardless of merit, legal and regulatory proceedings may be both time-consuming and disruptive to our operations and could divert the attention of our management and key personnel from our business operations. Such proceedings could also generate significant adverse publicity and have a negative impact on our reputation and brand image, regardless of the existence or amount of liability. Claimants in such proceedings may seek recovery of large or indeterminate amounts, and the magnitude of potential losses relating to such disputes may remain unknown for a substantial period of time. The cost of defending ourselves in future disputes or proceedings may be significant and could negatively affect our results of operations. As a result, any significant disputes or proceedings could adversely affect our business, results of operations,

RISK FACTORS

financial condition, and reputation. In addition, as our A Shares will continue to be traded on the ChiNext of the Shenzhen Stock Exchange and our GDRs will continue to be traded on the SIX Swiss Exchange, we are required to comply with relevant listing rules and regulations. Failure to comply with these rules and regulations could result in regulatory actions, including supervisory interviews, fines, and other penalties. Such actions may have an adverse impact on our business operations and financial performance.

We face certain risks relating to certain of our owned and leased properties.

We have certain title defects relating to the properties that we own. As of September 30, 2025, we are in the process of obtaining the property ownership certificate for four of our main owned properties that have recently completed construction and final acceptance inspections, and we plan to obtain property ownership certificates upon the completion of construction for the other three of our owned properties. There is no guarantee that we will receive any property title certificate timely that indicates the validity of our title in the future.

For eight of our major leased properties, we have not yet been provided by the lessors with valid title certificates. Therefore, we cannot assure you whether our use of such leased properties will not be restricted to certain extent or at all, pursuant to the applicable PRC Laws. However, as advised by our PRC Legal Advisor, in the case where our use of such leased properties is restricted, we, as the tenant, will be entitled to compensation from such lessors under the relevant lease agreements. In addition, under the applicable PRC laws and regulations, the parties to a lease are required to register and file such lease with the relevant government authorities. As of September 30, 2025, we have not yet registered and filed the lease agreements of our major leased properties. As advised by our PRC Legal Advisor, while the lack of registration will not affect the validity of the leases under PRC laws and regulations, we may be ordered by the relevant government authorities to register the relevant leases within a prescribed period, failing which we may be subject to a fine ranging from RMB1,000 to RMB10,000 for each non-registered lease agreement. As advised by our PRC Legal Advisor, the risk of material administrative penalty for such non-compliant incident is remote and does not have a material and adverse effect on our business operation. Nevertheless, there can be no assurance that we will not be subject to challenges, lawsuits, fines and penalties imposed by government authorities or other actions taken against us with respect to the properties owned, used or leased by us for which we or the relevant lessors do not hold title certificates or fail to complete relevant registration procedures. For further details, see “Business — Properties” for details.

We are subject to the risks associated with sanctions, export controls laws and regulations, and international trade policies.

Our operations may be negatively affected by trade policies, sanctions and export controls regulations administered by the government authorities in the countries in and with which we operate, including, but not limited to, regulation of economic and labor conditions, increased duties, taxes and other costs. In addition to trade policy measures, the United States and certain other governments have imposed sanctions and export controls measures that directly or indirectly affect China-based companies. These types of laws and regulations may be subject

RISK FACTORS

to frequent changes, and their implementation, interpretation and enforcement involve substantial uncertainties, which may be heightened by potential national security concerns or other factors that are out of our control. Similar or more expansive restrictions may be imposed by different jurisdictions in the future. We will need to maintain heightened internal control and risk management policies to ensure sound compliance with such restrictions, which requires significant resources and efforts.

Furthermore, potential national security and foreign policy concerns may prompt governments to impose trade or other restrictions, which could make it more difficult to sell our products in, or restrict our access to, certain markets. Various trade, export controls, and economic sanctions laws and regulations may affect our businesses. For instance, in recent years, the United States has expanded sanctions and export controls restrictions on China through the Export Administration Regulations (the “**EAR**”), administered by the Bureau of Industry and Security of the United States Department of Commerce (the “**BIS**”). In addition, BIS maintains lists of persons that are subject to enhanced export control restrictions. One such list, the Entity List, includes a list of foreign persons on which certain trade restrictions are imposed, including business, research institutions, government and private organizations, individuals and other types of legal persons. The United States in recent years has placed an increasing number of entities, including a number of entities in China, on the Entity List and other restricted or prohibited parties lists. On September 30, 2025, the United States also implemented a new rule that extends the prohibitions of the Entity List to entities owned 50% or more by entities names on the Entity List. However, pursuant to the agreement reached between the United States and China on October 30, 2025, the application of this rule was suspended until at least November 10, 2026. Given the sudden and unpredictable nature of these determinations, it is difficult to predict developments in this area and we have no ability to influence such determinations. We also cannot guarantee how promptly and effectively our customers will implement their own enhanced procedures to ensure their own compliance with the new rule.

If new sanctions and export controls measures were to include a complete or more restrictive ban on products sales to certain entities, it could impact not only our ability to continue supplying our products to affected customers, but could also negatively affect our customers’ demand for our products, and could even lead to changes in supply chains of our products, to the extent they involve the use of items subject to the EAR or other applicable regulations. Even if our products are not directly targeted by these types of sanctions and export controls, we may nonetheless face higher costs and expenses in our supply chain due to new sanctions and export controls measures as our customers and business partners may be negatively affected by sanctions and export controls measures directed at China.

To the best knowledge of our Directors, considering that (i) during the Track Record Period, we had no sales to sanctioned customers; and (ii) only one of our customers is subject to certain export control restrictions under the EAR, however, no items subject to the EAR were sold to such customer, and we are not aware of any other customers that are subject to such restrictions. After consultation with our legal advisor for international trade compliance and taking into account its view, we believe that our associated sanction risks are relatively remote.

RISK FACTORS

Changes in tariffs may adversely affect our international sales.

The global trade landscape is currently highly volatile. Various countries have announced plans for and/or have already implemented new or modified tariffs. In particular, the United States announced broad tariffs on imports from all countries, comprising a 10% baseline tariff and varying reciprocal tariffs on certain trade partners, including a 125% tariff for most goods from China. In response, China and other countries have announced retaliatory actions or plans for retaliatory actions. On April 9, 2025, the United States implemented a 90-day pause on the varying reciprocal tariffs except for those on Chinese goods, leaving the 10% baseline tariff in place. On May 12, 2025, China and the United States jointly announced a 90-day suspension of certain of their trade restrictions, so that the United States will impose tariffs of 30% on most Chinese imports during this period, while China will impose tariffs of 10% on U.S. imports. The two sides agreed to continue negotiations during this period. On August 12, 2025, China and the United States jointly announced another 90-day suspension of select tariff measures, under which the United States will pause the additional 24% tariffs on Chinese goods while maintaining the 10% baseline, and China will similarly suspend its retaliatory 24% tariffs on U.S. goods. On October 10, 2025, President Trump publicly indicated the potential imposition of an additional 100% tariff on Chinese imports into the United States. Subsequently, this proposal was retracted. On October 30, 2025, the United States reached an agreement with China that includes reducing the 30% tariff rate to 20% through at least November 10, 2026. Given ongoing discussions between the United States and its trade partners, including China, there remains significant uncertainty about whether the United States may further change the scope, level and interpretation of tariffs it imposes. The tariffs imposed by the United States have led and may in the future lead to retaliatory measures taken by other countries. During the Track Record Period, revenue from sales to the United States accounted for 0.5%, 0.9%, 2.4%, 3.0% and 1.1% of total revenue in 2022, 2023 and 2024 and for the nine months ended September 30, 2024 and 2025, respectively, while sales to the European Union accounted for 1.2%, 2.3%, 3.3%, 3.0% and 3.5% for the same periods. We do not separately collect information of the headquarters of our customers and only maintains information regarding the contractual counterparties. To the best knowledge of our Directors, among our top 20 customers who contributed the majority of our revenue during the Track Record Period, three customers, including Customer A/Supplier A, are headquartered in the United States. We deliver components to special customs supervision zones in China pursuant to the contracts with these customers, and our legal advisor for international trade compliance notes that deliveries to such zones are not subject to U.S. tariffs. The overall increase in sales to the European Union during the Track Record Period was primarily driven by incremental demand for EV batteries and ESS as part of our ongoing overseas market expansion, however, our Directors are of the view that the overall scale of our sales in the region will remain relatively small in the near future. During the Track Record Period, revenue generated from the United States and European Union customers for whom we were responsible for customs clearance and payment of import duties accounted for less than 0.001% of our total revenue and less than 0.1% of our total revenue from the United States and European Union. To the best knowledge of our Directors, during the Track Record Period, U.S. tariffs applicable to our products ranged up to 30.9%, while the European Union tariff rate applicable to our products was 2.7%. Higher tariffs may increase the cost of our products for U.S. customers, potentially

RISK FACTORS

reducing demand, weakening our competitive position, and negatively affecting our revenue. U.S. foreign policies are often followed by certain other countries, which may adopt similar measures in their dealings with China and Chinese companies. In addition, policies and measures directed at China and Chinese companies by the U.S. government could discourage U.S. persons from working for Chinese companies, thereby hindering our ability to attract and retain qualified personnel. We continually monitor the global trade environment for new and changing tariffs, retaliatory actions, trade agreements, export restrictions, sanctions or other restrictions that may impact us or our supply chain or customers. Any additional tariffs or trade barriers imposed by the United States or other jurisdictions that affect our products may adversely affect our overseas sales and customer procurement behavior. In the worst case scenario, this may lead to a reduction or suspension of orders from U.S.-based customers or those whose end products are sold into the U.S. market, which could materially and adversely affect our business, financial condition and results of operations.

We may be affected by the U.S. Outbound Investment Rule in the future, which could adversely impact our ability to raise capital from U.S. persons.

On October 28, 2024, the U.S. Department of the Treasury issued a final rule on outbound investment, or the Final Rule, to implement the executive order of August 9, 2023. The Final Rule became effective on January 2, 2025. The Final Rule imposes investment prohibition and notification requirements on U.S. persons for certain investments in entities associated with China (including Hong Kong and Macau) that are engaged in certain activities relating to three sectors: (i) semiconductors and microelectronics, (ii) quantum information technologies, and (iii) artificial intelligence systems, collectively defined as “Covered Foreign Persons.” U.S. persons subject to the Final Rule are in some instances prohibited altogether from making, and in other instances required to report, certain investments in Covered Foreign Persons, which are defined as “Covered Transactions.” Based on our understanding of the Final Rule and our current business operations, we do not believe we are within the scope of the Final Rule. Based on a review of our activities, our legal advisor for international trade compliance believes that we are not engaged in any of the activities described in the Final Rule and that we are not in a relationship described in the Final Rule with an entity engaged in such activities. Under the Final Rule, U.S. persons are permitted to invest in our Company and may do so without needing to give notice to the U.S. Treasury Department. However, there is no assurance that the U.S. Department of Treasury will not expand or reinterpret its regulations in a manner that could cover certain portion of our business. If we became within the scope of the Final Rule, and if U.S. persons engaged in a “Covered Transaction” that involves the acquisition of our equity interests, such U.S. persons may need to make a notification pursuant to the Final Rule. Notably, President Trump issued the America Investment Policy Memorandum on February 21, 2025, which proposes to further expand the set of technologies of concern. If we were in the future deemed to be within the scope of the Final Rule due to changes in our business operations or amendments to relevant laws and regulations or the interpretation thereof, our ability to raise capital from U.S. persons could be significantly and negatively affected, in which case the [REDACTED] of our Shares may be materially and adversely affected.

RISK FACTORS

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. 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, as these factors may reflect a company’s long-term value, risk profile, or potential reputational impact. In addition, [REDACTED], particularly institutional [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.

Compliance with increased ESG laws and regulations may result in increased costs in our supply chain and operations and adversely affect our business and financial condition. For instance, any requirements to recycle our lithium-ion batteries and manufacturing scrap may result in high processing expenses. Our manufacturing process produces pollutants such as wastewater, waste gas, noises and solid wastes. The jurisdictions in which we do business have implemented, or in the future could implement or amend, restrictions on emissions of carbon dioxide or other greenhouse gases, limitations or restrictions on water use, regulations on energy management and waste management. The discharge of wastewater and other pollutants from our manufacturing operations into the environment may give rise to liabilities that may require us to incur costs to remedy such discharge. Moreover, new environmental laws and regulations may also require us to change our manufacturing processes or procure substitute raw materials that may cost more or be more difficult to procure. Should the jurisdictions we operate in impose stricter environmental protection standards and regulations in the future, we cannot assure you that we will be able to comply with such new regulations at reasonable costs, or at all. Any increase in production costs resulting from the implementation of additional environmental protection measures and/or failure to comply with new environmental laws or regulations may have a material adverse effect on our business, financial condition or results of operations.

Moreover, failure to comply with applicable environmental laws and regulations may result in administrative penalties, which may materially and adversely affect our results of operations, financial conditions, or corporate reputation, we cannot assure you that any future administrative penalties would not materially and adversely affect our reputation, business, results of operations or financial condition.

RISK FACTORS

We are subject to privacy and data protection laws and regulations. Any actual or alleged failure to comply with such laws and regulations may subject us to reputational, financial, legal and operational consequences.

Our business involves the utilization and storage of personal information, including but not limited to personal information with respect to our employees. We are subject to laws relating to the collection, use, retention, protection and transfer of personal information domestically and abroad. In many cases, these laws apply not only to third-party transactions, but also may restrict transfers of personal information between us and our overseas subsidiaries. Several jurisdictions have passed laws in this area, and other jurisdictions are considering imposing additional restrictions. These laws continue to develop and may vary from jurisdiction to jurisdiction. Complying with emerging and changing overseas requirements may cause us to incur substantial costs or require us to change our business practices. Non-compliance could result in significant penalties or legal liability. Any failure by us to comply with other domestic and foreign privacy-related or data protection laws and regulations could result in proceedings against us by governmental entities or others, which may lead to reputational impacts and significant legal liabilities.

These security measures may not be sufficient for all eventualities and may be vulnerable to hacking, employee error, malfeasance, system error, faulty security management or other non-compliance incidents.

We are subject to certain regulatory requirements over foreign currency conversion and remittance.

We receive substantial payments from our operations in mainland China in Renminbi and may need to convert Renminbi into other currencies to fund our business activities outside mainland China. The convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of mainland China are subject to certain regulatory requirements under PRC laws over foreign currency conversion and remittance. Shortages in the availability of foreign currency may restrict our ability to remit sufficient foreign currency to satisfy our foreign currency denominated obligations.

If we cannot fulfill the regulatory requirements over foreign currency conversion to obtain sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders. Any existing and future requirements on currency exchange may limit our ability to purchase raw materials and components outside of mainland China or otherwise fund any future business activities that are conducted in foreign currencies.

RISK FACTORS

Failure to comply with the Labor Contract Law or other PRC labor related regulations and rules may have an adverse impact on our financial conditions and results of operations.

Pursuant to the Labor Contract law of the PRC (《中華人民共和國勞動合同法》) and its implementation rules, employers are subject to strict requirements in terms of signing labor contracts, minimum wages, paying remuneration, overtime working hours limitations, determining the term of employees’ probation and unilaterally terminating labor contracts. The Labor Contract Law of the PRC and its implementation rules may limit our ability to terminate employments or to make other labor adjustments at will.

During the Track Record Period, we engaged third-party employment agencies to dispatch contract workers. According to the Interim Provisions on Labor Dispatch (《勞務派遣暫行規定》) promulgated by the Ministry of Human Resources and Social Security on January 24, 2014, which became effective on March 1, 2014 (the “Interim Provisions”), the number of dispatched contract workers hired by an employer shall not exceed 10% of the total number of its employees (including both directly hired employees and dispatched contract workers).

Pursuant to relevant PRC laws and regulations, if an employer violates regulations related to labor dispatch, the labor administration department will order it to make corrections within a specified period. Failure to make corrections within the given period may lead to a fine ranging from RMB5,000 to RMB10,000 per person. We had not received any notice of warning or been subject to any administrative penalties or other disciplinary actions from relevant PRC authorities during the Track Record Period and up to the Latest Practicable Date. However, we cannot assure you that the relevant PRC authorities will not take actions retrospectively against us for our past practice, which may adversely affect our business, results of operations and reputation. See also “Business — Employees” for details.

Companies operating in China are required to complete related registration with the competent authorities and contribute to the government-sponsored employee benefits plans in amounts equal to certain percentages of salaries, including bonuses and allowances, of employees up to a maximum amount specified by the local government at the locations where our employees are based. We are required to contribute to a number of social insurance funds, including funds for pension insurance, unemployment insurance, basic medical insurance, work-related injury insurance, maternity insurance and housing provident fund on behalf of our employees in mainland China. According to the Regulation on the Administration of Housing Provident Funds (《住房公積金管理條例》), an enterprise in mainland China is required to set up housing provident fund accounts (住房公積金賬戶) and pay the housing provident fund in time and in full for its employees. According to the PRC Social Insurance Law (《中華人民共和國社會保險法》), an enterprise in mainland China is required to complete social insurance registration for its employees and to pay the social insurance contributions in time and in full. During the Track Record Period, we did not pay social insurance and housing provident fund in full for some of our employees. As advised by our PRC Legal Advisor, an employer that has not made social insurance contributions at a rate and based on an amount prescribed by the law on time, or at all, may be ordered to rectify the non-compliance and pay the required contributions within a stipulated deadline and be subject to a late fee of up to 0.05% of the

RISK FACTORS

outstanding amount for each day of delay. If the employer still fails to rectify the failure to make social insurance contributions within the stipulated deadline, it may be subject to a fine ranging from one to three times of the amount overdue. Additionally, pursuant to applicable PRC laws and regulations, if the employer is overdue in the payment and deposit of, or underpays, the housing provident fund, the authority could order it to make the payment and deposit within a prescribed time limit, and where the payment and deposit has not been made after the expiration of the time limit, an application may be made to a court in China for compulsory enforcement. Furthermore, according to the Interpretation (II) of the Supreme People’s Court on issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》) (the “New Judicial Interpretation”), which became effective on September 1, 2025, where the employer and the employee agree, or the employee promises the employer, that there is no need to make social insurance contributions, the people’s court shall determine that such agreement or promise is invalid. See “Business — Legal Proceedings and Compliance Matters — Social Insurance and Housing Provident Funds” and “Regulatory Overview — Regulations Related to Employment and Social Securities” for details. As of the Latest Practicable Date, we had not been subject to any administrative penalties in connection with our contribution of social insurance plans during the Track Record Period. We cannot guarantee you that the competent government authorities will not require us to settle the outstanding amount within the specified time limit or impose late payment penalties on us based on such complaints, reports or other claims. In the event of any such non-compliance, we may be required to pay any shortfall in social insurance contributions within a prescribed time period and to pay penalties if we fail to do so.

We may be subject to higher compliance costs if environmental protection laws and regulations become more onerous, which may adversely affect our operations and financial performance and lead to costs which we may be unable to pass on to our customers.

We are subject to environmental laws and regulations in the PRC and other relevant jurisdictions relating to, among other matters, air, water, noise and pollution; generation, storage, handling, use and transportation of hazardous materials; and health and safety of our employees. These laws and regulations require, among other things, enterprises engaged in manufacturing and construction that may cause environmental wastes to adopt effective measures to control and properly dispose of waste gases, wastewater, industrial waste, dust, noise and other waste materials and to pay certain fees to discharge waste substances. In July 2023, the Dongguan Municipal Bureau of Ecology and Environment issued an Administrative Penalty Decision to one of our subsidiaries for a penalty of RMB40,000 of non-compliance with the Law of the People’s Republic of China on the Prevention and Control of Atmospheric Pollution. It was a one-off incident caused by human error, and as of the Latest Practicable Date, it had already been rectified. If we fail to comply with such laws or regulations, we may be subject to sanctions such as fines or the cessation or closure of our operations. There can be no assurance that we will not become subject to additional or stricter laws or regulations in the future, compliance with which may cause us to incur significant capital or other expenditures, which we may be unable to pass on to our customers through higher prices for our products.

RISK FACTORS

We are also required to obtain permits from governmental authorities for certain operations. We could also be held liable for any and all consequences arising out of contamination at our facilities or human exposure to hazardous substances or other environmental damage. There is no assurance that our costs of complying with current and future environmental and health and safety laws and regulations, and our liabilities arising from past or future releases of, or exposure to, hazardous substances will not adversely affect our business, financial condition and results of operations.

We are subject to anti-corruption, anti-bribery, anti-money laundering, and similar laws and regulations, and non-compliance with such laws and regulations may subject us to administrative, civil, and criminal penalties, collateral consequences, remedial measures, and legal expenses.

We are subject to anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions, and similar laws and regulations in various jurisdictions in which we conduct activities. We may be exposed to fraud, bribery, corruption, or other misconduct committed by our employees, customers, suppliers or other third parties. We have adopted policies and procedures designed to ensure compliance all applicable laws and regulations. We have established relevant mechanisms to ensure the implementation of such policies and procedures, such as periodic review and reporting the issues identified including those related to our employees and other parties, collecting evidence and reporting to relevant authorities if there involves violation of applicable laws and regulations of our employees and other parties. However, our policies and procedures may not be sufficient, and our directors, officers, employees, suppliers, representatives, consultants, agents, and business partners could engage in improper conduct for which we may be held responsible.

Non-compliance with anti-corruption, anti-bribery, anti-money laundering, or financial and economic sanctions laws could subject us to whistleblower complaints, adverse media coverage, investigations, and severe administrative, civil and criminal sanctions, collateral consequences, remedial measures, and legal expenses, any of which could materially and adversely affect our business, reputation, financial condition and results of operations.

Non-PRC resident holders of our H Shares may be subject to PRC income tax obligations.

Under the EIT Law and its implementation rules, subject to any applicable tax treaty or similar arrangement between the PRC and a non-PRC investor’s jurisdiction of residence that provides for a different income tax arrangement, mainland China withholding tax at the rate of 10% is normally applicable to dividends from PRC sources payable to investors that are non-PRC resident enterprises, which do not have an establishment or place of business in the PRC, or which have an establishment or place of business in the PRC if the relevant income is not effectively connected with such establishment or place of business. We intend to withhold tax at a rate of 10% from dividends paid to non-PRC enterprise holders of our H Shares (including HKSCC Nominees). Any gains realized on the transfer of shares by such investors are subject to a 10% PRC income tax rate if such gains are regarded as income from sources within the PRC unless a treaty or similar arrangement provides otherwise.

RISK FACTORS

Under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) and its implementation rules, dividends from sources within the PRC paid to foreign individual investors who are not PRC resident individuals are generally subject to a withholding tax at a rate of 20% and gains from PRC sources realized by such investors on the transfer of shares are generally subject to a 20% income tax rate, in each case, subject to any reduction or exemption set forth in applicable tax treaties and laws in the PRC. Pursuant to the Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) (Guo Shui Han [2011] No. 348) dated June 28, 2011, issued by the SAT, dividends paid to non-PRC resident individual holders of H Shares are generally subject to PRC individual income tax at the withholding tax rate of 10%, depending on whether there is any applicable tax treaty between the PRC and the jurisdiction in which the non-PRC resident individual holder of H Shares resides as well as the tax arrangement between the PRC and Hong Kong. Non-PRC resident individual holders who reside in jurisdictions that have not entered into tax treaties with mainland China are subject to a 20% withholding tax on dividends received from us. However, pursuant to the Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from 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》) issued by the MOF and the SAT on March 30, 1998, gains of individuals derived from the transfer of listed shares of enterprises may be exempt from individual income tax. In addition, on December 31, 2009, the MOF, the SAT and the CSRC jointly issued the Circular on Relevant Issues concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》) (Cai Shui [2009] No. 167) which states that individuals' income from the transfer of listed shares on certain domestic exchanges shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restrictions as defined in the Supplementary Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of the Listed Shares Subject to Sales Limitations (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》) (Cai Shui [2010] No. 70). As of the Latest Practicable Date, the aforesaid provision had not expressly provided that individual income tax shall be collected from non-PRC resident individuals on the sale of shares of PRC resident enterprises listed on overseas stock exchanges.

If mainland China income tax is imposed on gains realized from the transfer of our H Shares or on dividends paid to our non-mainland China resident [REDACTED], the value of your [REDACTED] in our H Shares may be affected. Furthermore, our Shareholders whose jurisdictions of residence have tax treaties or arrangements with mainland China may not qualify for benefits under such tax treaties or arrangements.

RISK FACTORS

You may experience difficulties in effecting service of process upon or enforcing foreign judgments against us or our Directors or senior management.

Most of our assets are situated in the PRC. In addition, most of our Directors and senior management reside in the PRC and are PRC citizens. As cross-border service of process is typically cumbersome and time-consuming, it may be difficult for [REDACTED] outside of mainland China to effect service of process upon us or our management residing in mainland China. We cannot guarantee that all judgments made by foreign courts will be recognized and enforced in the mainland China, as whether a specific judgment will be recognized and enforced is still subject to a case-by-case examination by the relevant court.

RISKS RELATING TO THE [REDACTED]

We will be concurrently subject to listing and regulatory requirements of mainland China, Hong Kong and Switzerland.

As our A Shares are listed on the ChiNext of the Shenzhen Stock Exchange, the GDRs are listed on SIX Swiss Exchange, and our H Shares will be [REDACTED] on the Main Board of the Stock Exchange, we will be required to comply with the listing rules (where applicable) and other applicable regulatory regimes of all three jurisdictions, unless an exemption is available or a waiver has been obtained. Accordingly, we may incur additional costs and resources in continuously complying with all sets of listing rules in the three jurisdictions.

The characteristics of the A Share and H Share markets may differ.

Our A Shares are listed and traded on the ChiNext of the Shenzhen Stock Exchange. Following the [REDACTED], our A Shares will continue to be traded on the ChiNext of the Shenzhen Stock Exchange, and our H Shares will be [REDACTED] on the Main Board of the Stock Exchange. Under current PRC laws and regulations, without the approval from the relevant regulatory authorities, our H Shares and A Shares are neither interchangeable nor fungible, and there is no direct [REDACTED] or settlement between the H Share and A Share markets. With different [REDACTED] characteristics, the H Share and A Share markets have different [REDACTED] volumes, [REDACTED] and [REDACTED] bases, as well as different levels of retail and institutional [REDACTED] participation. As a result, the [REDACTED] performance of our H Shares and A Shares may not be comparable. Nonetheless, fluctuations in the price of our A Shares may adversely affect the [REDACTED] of our H Shares, and vice versa. Due to the different characteristics of the H Share and A Share markets, the historical prices of our A Shares may not be indicative of the performance of our H Shares. You should therefore not place undue reliance on the trading history of our A Shares when evaluating the [REDACTED] decision in our H Shares.

RISK FACTORS

You should not place any reliance on any information released by us in connection with the listing of our A Shares on ChiNext of the Shenzhen Stock Exchange or the listing of our GDRs on the SIX Swiss Exchange.

As our A Shares are listed on the ChiNext of the Shenzhen Stock Exchange, we have been subject to periodic reporting and other information disclosure requirements in mainland China. Our GDRs are listed on SIX Swiss Exchange. As a result, from time to time, we publicly release information relating to us on the Shenzhen Stock Exchange and on the SIX Swiss Exchange or other media outlets designated by the CSRC, FINMA and other regulatory authorities. However, the information announced by us in connection with our A Shares listing is based on regulatory requirements of the securities authorities, industry standards and market practices in mainland China, while the information announced by us in connection with our GDR listing is based on those in Switzerland, which are different from those applicable to the [REDACTED]. The presentation of financial and operational information for the Track Record Period disclosed on the Shenzhen Stock Exchange, the SIX Swiss Exchange or other media outlets may not be directly comparable to the financial and operational information contained in this Document. As a result, prospective [REDACTED] in our H Shares should be reminded that, in making their [REDACTED] decisions as to whether to purchase our H Shares, they should rely only on the financial, operating and other information included in this Document. By applying to purchase our H Shares in the [REDACTED], you will be deemed to have agreed that you will not rely on any information other than that contained in this Document and any formal announcements made by us in Hong Kong with respect to the [REDACTED].

There has been no prior public market for our H Shares, and an active [REDACTED] market for our H Shares may not develop or be sustained.

Prior to the [REDACTED], there was no public market for our H Shares. We cannot assure you that a public market for our H Shares with adequate [REDACTED] and [REDACTED] volume will develop and be sustained following the completion of the [REDACTED]. In addition, the [REDACTED] of our H Shares is the result of negotiations between the Overall Coordinators (for themselves and on behalf of the [REDACTED]) and us, and may not be an indication of the [REDACTED] at which our H Shares will be [REDACTED] following the completion of the [REDACTED]. If an active public market for our H Shares does not develop following the completion of the [REDACTED], the [REDACTED] and [REDACTED] of our H Shares may be materially and adversely affected.

The [REDACTED] and [REDACTED] of our H Shares may be volatile.

The [REDACTED] and [REDACTED] volume of our H Shares may be subject to significant volatility in response to various factors beyond our control, including the general conditions of the securities markets in Hong Kong and elsewhere in the world. The Stock Exchange and other securities markets have, from time to time, experienced significant [REDACTED] and [REDACTED] volume volatility that are not related to the operating performance of any particular company. It is possible that our H Shares may be subject to changes in [REDACTED] not directly related to our business performance. The business and

RISK FACTORS

performance and the market price of the shares of other companies engaging in similar business may also affect the [REDACTED] and [REDACTED] volume of our H Shares. In addition to market and industry factors, the [REDACTED] and [REDACTED] volume of our H Shares may be highly volatile for specific business reasons, such as fluctuations in our revenue, results of operations, cash flows, investments, expenditures, relationships with our business partners, movements or activities of key personnel, actions taken by competitors or regulatory developments. In addition, the volatility in the [REDACTED] and volume of our H Shares may negatively impact our ability to raise capital in the future through the issuance of additional equity securities.

Fluctuations in the market price of our A Shares may negatively affect the [REDACTED] of our H Shares.

The [REDACTED] of our H Shares could decline as a result of fluctuations in the price of our A Shares. The trading prices of our A Shares are subject to market forces beyond our control, including general market conditions, investor sentiment, and regulatory developments in the PRC capital markets. Any significant decrease in the market price of our A Shares could negatively affect the market perception of us and, consequently, the [REDACTED] of our H Shares.

Our issuance of additional H Shares or other equity securities could result in additional dilution to our Shareholders.

As the [REDACTED] of our H Shares is higher than the consolidated net tangible assets per Share immediately prior to the [REDACTED], purchasers of our H Shares in the [REDACTED] may experience an immediate dilution. Our existing Shareholders will receive an increase in the [REDACTED] adjusted consolidated net tangible asset value per Share of their H Shares. To raise additional capital, we may consider issuing additional H Shares or other equity securities in the future, which may further result in further dilution for our Shareholders. In addition, holders of our H Shares may experience further dilution of their interest if the [REDACTED] exercise the [REDACTED] or if we issue additional H Shares in the future to raise additional capital.

Future [REDACTED] or market perception of [REDACTED] of a substantial number of our H Shares on the [REDACTED] market could adversely affect the [REDACTED] price of our H Shares.

After the completion of the [REDACTED], future [REDACTED] of a substantial number of our H Shares or other securities relating to our H Shares on the public market, or the market perception that such [REDACTED] may occur, could adversely affect the [REDACTED] of our H Shares and our ability to raise future capital at a favorable time and [REDACTED]. We cannot predict the effect of any future [REDACTED] or market perception of [REDACTED] of a substantial number of our H Shares on the [REDACTED] market on the [REDACTED] of our H Shares.

RISK FACTORS

Our historical dividends may not be indicative of our future dividend policy, and we cannot assure you whether and when we will declare and pay dividends in the future.

We have declared dividends in the past. However, there is no assurance that dividends of any amount will be declared or distributed by us in any year in the future. Under the applicable PRC laws and regulations, the payment of dividends may be subject to certain limitations, and the calculation of our profit under the Accounting Standards for Business Enterprises may differ in certain respects from the calculation under the IFRSs. The declaration, payment and amount of any future dividends are subject to the discretion of our Board of Directors, after taking into account various factors, including but not limited to our results of operations, financial condition, cash flows, capital expenditure requirements, market conditions, our strategic plans and prospects for business development, regulatory restrictions on the payment of dividends and other factors as our Board of Directors may deem relevant, and subject to the approval at Shareholders’ meeting. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the applicable PRC laws and regulations. See “Financial Information — Dividends” for details. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our historical dividends should not be taken as indicative of our dividend policy in the future.

We are exposed to risks associated with potential spin-offs.

We periodically evaluate strategic opportunities to enhance shareholder value, including, among others, spinning off subsidiaries, in light of our operations across multiple jurisdictions and markets, as well as our development of new business initiatives. These evaluations are contingent upon factors such as market conditions, financing requirements, subsidiary development and regulatory approvals. While no concrete plans have been formulated, we cannot preclude the possibility of spin-offs within three years of the [REDACTED] should such action align with our strategic objectives. Also, given our long-standing listing on the A-share market since 2011, we need to maintain flexibility for potential spin-offs within three years of the [REDACTED], which may require further waiver to be applied to and granted by the Stock Exchange.

A spin-off may enable our subsidiaries to directly access capital markets, thereby potentially securing incremental funding to accelerate their growth. While such transactions are designed to unlock intrinsic value, enhance competitive positioning and optimize operational efficiency, there is no assurance that these objectives will be achieved in full. Material risks associated with spin-offs may still include unanticipated costs (such as separation-related expenditures or restructuring costs, if any), operational complexities arising from organizational decoupling, potential disruption to our Group’s integrated business model and synergies and uncertain performance trajectories of spun-off entities, including their ability to sustain competitive positions. Should spun-off entities encounter operational challenges or financial difficulties, it may have adverse impact on our Group’s strategic objectives and corporate reputation. In the event of any proposed spin-off, we will ensure to provide full disclosure to the Shareholders and obtain all necessary regulatory and Shareholder approvals under applicable rules and regulation. We will also implement appropriate strategies and measures to mitigate risks in order to maintain operational cohesion and preserve strategic continuity across the organization.

RISK FACTORS

We cannot guarantee the accuracy of facts, forecasts, and other statistics obtained from official government sources contained in this Document.

We have derived certain facts and other statistics in this Document, particularly those relating to the general economy and the industry in which we operate, from information provided by various public sources, industry associations, independent research institutes and other third-party sources, including a report prepared by CIC that we commissioned. Certain facts, forecasts, and other statistics in this Document are derived from various official government resources. However, our Directors cannot guarantee the quality or reliability of such source materials. We believe that the sources of the said information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. Nevertheless, information from official government sources has not been independently verified by us, the Joint Sponsors, the Overall Coordinators, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], or any of their respective affiliates or advisers and, therefore, we make no representation as to the accuracy of such facts and statistics. Furthermore, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In all cases, you should consider carefully how much weight or importance should be attached to or placed on such facts or statistics.

Forward-looking statements contained in this Document are subject to risks and uncertainties.

This Document contains forward-looking statements with respect to our business strategies, operating efficiencies, competitive positions, growth opportunities for existing operations, plans and objectives of management, certain pro-forma information and other matters. The words “aim”, “anticipate”, “believe”, “could”, “predict”, “potential”, “continue”, “expect”, “intend”, “may”, “might”, “plan”, “seek”, “will”, “would”, “should” and the negative of these terms and other similar expressions identify a number of these forward-looking statements. These forward-looking statements, including, amongst others, those relating to our future business prospects, capital expenditure, cash flows, working capital, liquidity and capital resources are necessarily estimates reflecting the best judgment of our Directors and management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. As a result, these forward-looking statements should be considered in light of various important factors, including those set out in this section. Accordingly, such statements are not a guarantee of future performance, and [REDACTED] should not place undue reliance.

RISK FACTORS

You should read the entire Document carefully and only rely on the information included in this Document to make your [REDACTED] decision. We strongly caution you not to rely on any information contained in press articles or other media coverage relating to us or the [REDACTED].

We strongly caution our [REDACTED] not to rely on any information contained in press articles or other media coverage relating to us, our Shares and the [REDACTED]. Prior to the publication of this Document, there may be press and media coverage regarding the [REDACTED] and us. 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. We have not authorized the disclosure of any such information in the press or media and do not accept 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 our [REDACTED] should not rely on such information.

WAIVERS AND EXEMPTIONS

In preparation for the [REDACTED], we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules and exemptions from compliance with the Companies (Winding up and Miscellaneous Provisions) Ordinance:

Rules	Subject matter
Rules 8.12 and 19A.15 of the Listing Rules	Management presence in Hong Kong
Rules 3.28 and 8.17 of the Listing Rules	Appointment of joint company secretaries
Paragraphs 26 and 29(1) of Appendix D1A to the Listing Rules and paragraphs 29 of the Third Schedule to the CWUMPO	Particulars of information of our subsidiaries
Paragraph 3(b) of Practice Note 15	Three-year restriction on spin-offs
Rule 17.02(1)(b) of, and Paragraph 27 of Appendix D1A to the Listing Rules and Paragraph 10 of Part I of the Third Schedule to the CWUMPO	Disclosure requirements in respect of outstanding share options
Rules 4.04(2) and 4.04(4)(a) of the Listing Rules	Business acquired after the Track Record Period

[REDACTED]

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 Hong Kong Stock Exchange.

Our headquarters are based, and most of the business operations and assets of our Group, are managed and conducted in the PRC. Our executive Directors ordinarily reside in the PRC, and they play very important roles in our Company’s business operations. It is in our best interests for them to be based in places where our Group has significant operations. We

WAIVERS AND EXEMPTIONS

consider it practically difficult and commercially unreasonable for us to arrange for two executive Directors to ordinarily reside in Hong Kong, either by means of relocation of our existing executive Directors or appointment of additional executive Directors. Therefore, our Company does not have, or does not contemplate in the foreseeable future that we will have sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rule 8.12 of the Listing Rules.

Accordingly, pursuant to Rule 19A.15 of the Listing Rules, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange [has granted] us, a waiver from strict compliance with Rules 8.12 and 19A.15 of the Listing Rules subject to the following conditions:

- (a) We have appointed Mr. Wang Wei and Mr. Zeng Di (“**Mr. Zeng**”), both of whom are our executive Directors, as our authorized representatives (the “**Authorized Representatives**”) pursuant to Rule 3.05 of the Listing Rules. The Authorized Representatives will act as our Company’s principal channel of communication with the Hong Kong Stock Exchange. The Authorized Representatives will be readily contactable by phone and email to promptly deal with inquiries from the Hong Kong Stock Exchange, and will also be available to meet with the Hong Kong Stock Exchange to discuss any matter within a reasonable period of time upon request of the Hong Kong Stock Exchange. Our Company has provided contact details of the Authorized Representatives to the Stock Exchange and will inform the Stock Exchange promptly in respect of any change in the authorized representatives;
- (b) When the Hong Kong Stock Exchange wishes to contact our Directors on any matter, each of the Authorized Representatives will have all necessary means to contact all of our Directors (including our independent non-executive Directors) and senior management team promptly at all times. Our Company will also inform the Hong Kong Stock Exchange promptly in respect of any changes in the Authorized Representatives. We have provided the Hong Kong Stock Exchange with the contact details (i.e., mobile phone number, office phone number, email address and fax number, if applicable) of all Directors to facilitate communication with the Hong Kong Stock Exchange. Our Directors will also provide the phone number of the place of his/her accommodation to the Authorized Representatives in the event that any Director expects to travel or otherwise be out of office;
- (c) All Directors who do not ordinarily reside in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and can meet with the Hong Kong Stock Exchange within a reasonable period of time;
- (d) We have appointed Somerley Capital Limited as our Compliance Advisor upon the [REDACTED] 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 Listing Rules in respect of our financial results for the first full financial year commencing after the [REDACTED]. The Compliance Advisor

WAIVERS AND EXEMPTIONS

will always have access to our Authorized Representatives, Directors and members of our senior management, who will act as the additional channel of communication with the Hong Kong Stock Exchange when the Authorized Representatives are not available. The contact details of the Compliance Advisor have been provided to the Hong Kong Stock Exchange;

- (e) The Authorized Representatives, Directors and other officers of our Company will provide promptly such information and assistance as the Compliance Advisor may reasonably require in connection with the performance of the Compliance Advisor’s duties as set forth in Chapter 3A of the Listing Rules. There will be adequate and efficient means of communication between our Company, Authorized Representatives, Directors and other officers of our Company and the Compliance Advisor, and, to the extent reasonably practicable, we will keep the Compliance Advisor informed of all communications and dealings between the Hong Kong Stock Exchange and us. Meetings between the Hong Kong Stock Exchange and our Directors could be arranged through our Authorized Representatives or the Compliance Advisor, or directly with our Directors within a reasonable time frame. We will inform the Hong Kong Stock Exchange as soon as practicable in respect of any change of Authorized Representatives and/or the Compliance Advisor; and
- (f) The Company has designated staff members at the Company’s headquarters after the [REDACTED] who will be responsible for maintaining day-to-day communication with the Authorized Representatives, and the Company’s professional advisors in Hong Kong, including our legal advisor in Hong Kong and the Compliance Advisor, to keep abreast of any correspondences and/or inquiries from the Hong Kong Stock Exchange and report to the executive Directors to further facilitate communication between the Hong Kong Stock Exchange and the Company.

WAIVER IN RESPECT OF APPOINTMENT OF JOINT COMPANY SECRETARY

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, we must appoint a company secretary who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Hong Kong Stock Exchange, capable of discharging the functions of the company secretary. Note 1 to Rule 3.28 of the Listing Rules provides that the Hong Kong Stock Exchange considers the following academic or professional qualifications to be acceptable:

- (a) a Member of The Hong Kong Chartered Governance Institute;
- (b) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); and
- (c) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

WAIVERS AND EXEMPTIONS

Note 2 to Rule 3.28 of the Listing Rules further provides that the Hong Kong Stock Exchange considers the following factors in assessing the “relevant experience” of the individual:

- (a) length of employment with the issuer and other issuers and the roles he/she played;
- (b) familiarity with the Listing Rules and other relevant laws and regulations including the SFO, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;
- (c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and
- (d) professional qualifications in other jurisdictions.

Our Company has appointed Mr. Zeng, our executive Director, deputy general manager and Board secretary, as one of our joint company secretaries. The Company believes that it would be in the best interests of the Company and the corporate governance of the Group to have Mr. Zeng as its joint company secretary, who has joined our Group in March 2016 and has extensive experience and familiarity with the Company’s compliance matters, capital operation, investor relationship management and corporate governance. Mr. Zeng has the necessary nexus to the Board and close working relationship with management of the Company in order to perform the duties of a joint company secretary and to take the necessary actions in the most effective and efficient manner. However, Mr. Zeng presently does not possess any of the qualifications under Rules 3.28 and 8.17 of the Listing Rules, and may not be able to solely fulfill the requirements of the Listing Rules. Therefore, we have appointed Ms. Chan Pui Ching Christie (“**Ms. Chan**”), an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom, who fully meets the requirements stipulated under Rules 3.28 and 8.17 of the Listing Rules to act as the other joint company secretary. Ms. Chan will provide assistance to Mr. Zeng for an initial period of three years from the [REDACTED] to enable Mr. Zeng to acquire the “relevant experience” under Note 2 to Rule 3.28 of the Listing Rules so as to fully comply with the requirements set forth under Rules 3.28 and 8.17 of the Listing Rules.

Since Mr. Zeng does not possess the formal qualifications required of a company secretary under Rule 3.28 of the Listing Rules, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Mr. Zeng may be appointed as a joint company secretary of our Company. Pursuant to paragraph 13 of Chapter 3.10 under the Guide for New Listing Applicants, the waiver will be for a fixed period of time (the “**Waiver Period**”) and on the following conditions: (i) the proposed company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the Waiver Period; and (ii) the waiver can be revoked if there are material breaches of the Listing Rules by the applicant. The waiver is valid for an initial period of three years

WAIVERS AND EXEMPTIONS

from the [REDACTED], and is granted on the condition that Ms. Chan will work closely with Mr. Zeng to jointly discharge the duties and responsibilities as company secretary and assist Mr. Zeng in acquiring the relevant experience as required under Rules 3.28 and 8.17 of the Listing Rules. Ms. Chan will also assist Mr. Zeng in organizing Board meetings and Shareholders’ meetings of our Company as well as other matters of our Company which are incidental to the duties of a company secretary. Ms. Chan is expected to work closely with Mr. Zeng and will maintain regular contact with Mr. Zeng, the Directors and the senior management of our Company. The waiver will be revoked immediately if Ms. Chan ceases to provide assistance to Mr. Zeng as a joint company secretary for the three-year period after the [REDACTED] or where there are material breaches of the Listing Rules by our Company. In addition, Mr. Zeng will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance his knowledge of the Listing Rules during the three-year period from the [REDACTED]. Mr. Zeng will also be assisted by (a) Compliance Advisor of our Company, particularly in relation to compliance with the Listing Rules; and (b) the Hong Kong legal advisor of our Company, on matters concerning our Company’s ongoing compliance with the Listing Rules and the applicable laws and regulations.

Before the expiration of the initial three-year period, the qualifications of Mr. Zeng will be re-evaluated to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied. We will demonstrate that Mr. Zeng, having benefited from the assistance of Ms. Chan for the preceding three years, will have acquired the skills necessary to carry out the duties of company secretary and the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

WAIVER IN RESPECT OF INFORMATION OF OUR SUBSIDIARIES

Paragraph 26 of Appendix D1A to the Listing Rules requires this Document to include the particulars of any alterations in the capital of any member of our Group within the two years immediately preceding the issue of this Document.

Paragraph 29(1) of Appendix D1A to the Listing Rules and paragraph 29 of the Third Schedule to the CWUMPO require this Document to include, information in relation to the name, date and place of incorporation, the public or private status and the general nature of the business, the issued capital and the proportion thereof held or intended to be held, of every company (a) the whole of the capital of which or a substantial proportion thereof is held or intended to be held by our Company, or (b) whose profits or assets make, or will make a material contribution to the figures in the Accountants’ Report or to our Company’s next financial statements.

As of September 30, 2025, we have more than 200 subsidiaries globally. It would be unduly burdensome for us to disclose the required information in respect of all of its subsidiaries as our Company would have to incur additional costs and devote additional resources in compiling and verifying the relevant information for such disclosure, which would not be material nor meaningful to [REDACTED]. The non-disclosure of such information will not prejudice the interests of our Shareholders or potential [REDACTED].

WAIVERS AND EXEMPTIONS

We have identified 18 subsidiaries (collectively, the “**Major Subsidiaries**” and each a “**Major Subsidiary**”) that we consider are material to our operations and/or contributed significantly to our financial performance during the Track Record Period. None of the subsidiaries which is not a Major Subsidiary individually contributed to 5% or more of our Company’s total assets, net assets, total revenue or total net profits during the Track Record Period, or holds any major assets and intellectual property rights, proprietary technologies or licenses which are material to the Group.

By way of illustration, before intercompany eliminations, as of December 31, 2022, 2023 and 2024, and September 30, 2025, the aggregate assets of the Company and its Major Subsidiaries represent 158%, 153%, 153% and 150% of our total assets, respectively. For the year ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2025, (i) the net assets of the Company and its Major Subsidiaries represents 194%, 181%, 191% and 192% of our total net assets, respectively, (ii) the aggregate revenue of the Company and its Major Subsidiaries represents 142%, 144%, 148% and 153% of our total revenue, respectively, and (iii) the aggregate net profits of the Company and its Major Subsidiaries represent 83%, 84%, 82% and 71% of the Group’s total net profits, respectively.

None of the other subsidiaries of our Company that are not Major Subsidiaries individually contributes to 5% or more of our Group’s total assets, net assets, revenue and net profits as of December 31, 2022, 2023 and 2024 and September 30, 2025 or for the year ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2025. Accordingly, the remaining subsidiaries which are not Major Subsidiaries in our Group are relatively insignificant to the overall results of our Group.

After intercompany eliminations, as of December 31, 2022, 2023 and 2024, and September 30, 2025, the aggregate assets of the Company and its Major Subsidiaries representing approximately 92%, 81%, 84% and 85% of our total assets, respectively. For the year ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2025, (i) the net assets of the Company and its Major Subsidiaries represents 109%, 102%, 103% and 102% of our total net assets, respectively, (ii) the aggregate revenue of the Company and its Major Subsidiaries representing approximately 92%, 76%, 87% and 86% of our total revenue, respectively, and (iii) the aggregate net profits of the Company and its Major Subsidiaries representing approximately 83%, 82%, 83% and 70% of the Group’s total net profits, respectively.

We have disclosed the particulars of the changes in the share capital of our Company and the Major Subsidiaries in the section headed “Statutory and General Information — Further Information About Our Group — Changes in the Share Capital of our Major Subsidiaries” in Appendix IV to this Document.

We have applied for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under paragraph 26 of Appendix D1A to the Listing Rules, in respect of disclosing the particulars of any alteration in the capital of any member of our Group within the two years immediately preceding the issue of this Document.

WAIVERS AND EXEMPTIONS

We have applied for, and the SFC [has] granted us, a certificate of exemption from strict compliance with the requirements under paragraphs 29 of the Third Schedule to the CWUMPO in respect of disclosing the information of our subsidiaries which are not Major Subsidiaries as required under paragraphs 29 of the Third Schedule to the CWUMPO.

The exemption is granted by the SFC on the conditions that: (i) the particulars of the exemption are disclosed in this Document; and (ii) this Document is issued on or before [REDACTED].

WAIVER IN RESPECT OF STRICT COMPLIANCE WITH PRACTICE NOTE 15 AND THE THREE-YEAR RESTRICTION ON SPIN-OFFS

Paragraph 3(b) of Practice Note 15 of the Hong Kong Listing Rules (the “**PN15**”) provides that the Listing Committee would not normally consider a spin-off application within three years of the date of listing of the issuer with regard to proposals submitted by issuers to effect the separate listing on the Hong Kong Stock Exchange or elsewhere of assets or business wholly or partly within their existing groups, given the original listing of the issuer will have been approved on the basis of the issuer’s portfolio of businesses at the time of listing, and that the expectation of investors at that time would have been that the issuer would continue to develop those businesses (the “**Three-year Spin-off Restriction**”).

Sunwoda Mobility Energy is a subsidiary of our Company operating the research, development, production and sales of EV battery. Through years of development, the Group ranks among the top ten of the global EV battery manufacturers, in terms of shipment volume, in 2024. As disclosed in the Document, the Company has achieved growth in EV battery. During the Track Record Period, the Company recorded revenue from external customers from EV battery amounting to approximately RMB12.7 billion, RMB10.8 billion, RMB15.1 billion and RMB12.4 billion for the three years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, representing approximately 24.3%, 22.6%, 27.0% and 28.4%, of the total revenue, respectively. For the three years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, with respect to EV battery, the Company achieved gross profit of approximate RMB1.0 billion, RMB1.0 billion, RMB1.3 billion and RMB1.7 billion representing approximately 8.0%, 9.2%, 8.8% and 13.6%, of the total revenue, respectively. As of December 31, 2022, 2023 and 2024, and September 30, 2025, the assets of Sunwoda Mobility Energy is RMB34,002 million, RMB38,904 million, RMB42,217 million and RMB46,986 million, representing approximately 45.6%, 49.1%, 48.3% and 46.8%, of the total assets, respectively. For details, please refer to the sections headed “Business” and “Financial Information” in this Document.

Considering the prevailing market conditions of EV battery and the strategic development of the Group, Sunwoda Mobility Energy has been operated as an independent business unit as of the Latest Practicable Date with separate management team. If Sunwoda Mobility Energy were to become an independent listed company, it will enable Sunwoda Mobility Energy to enhance its corporate profile, thereby increasing its ability to attract strategic investors.

WAIVERS AND EXEMPTIONS

On October 15, 2023, CITIC Securities Co., Ltd. (中信証券股份有限公司) entered into a pre-listing tutoring agreement with Sunwoda Mobility Energy for its A share listing application. The Company is expected to continue to consolidate Sunwoda Mobility Energy after the Proposed Spin-off (as defined below). As of the Latest Practicable Date, the listing venue, timetable and offering size of the Proposed Spin-off is uncertain and could be subject to material changes in the future.

Having considered, among others, the size of Sunwoda Mobility Energy as illustrated above and its clear delineation with the Company’s other businesses in terms of product offerings, manufacturing process and management, the Company wishes to retain the possibility to spin off Sunwoda Mobility Energy within three years after the [REDACTED] (the “**Proposed Spin-off**”). The remaining group will continue to operate the Company’s other businesses after the Proposed Spin-off.

The Company has applied to the Stock Exchange for a waiver from strict compliance with the Three-year Spin-off Restriction under paragraph 3(b) of PN15 on the following grounds:

- (a) **Full compliance with PN15:** except for the Three-year Spin-off Restriction, the Proposed Spin-off will be in full compliance with all other applicable requirements under the Hong Kong Listing Rules, including but not limited to (i) the requirement for the retained group to retain a sufficient level of operations and sufficient assets to support its separate listing status, (ii) a clear delineation between the businesses of the retained group and the spun-off group, (iii) independence of the spun-off group in terms of directorship and management, administration, business operation, financing and treasury function, and (iv) announcement or shareholders’ approval procedures, as applicable, at the time of spin-off. The Company will demonstrate such compliance if the Proposed Spin-off materializes.
- (b) **No material impact on the Group’s overall performance:** Giving the size of operation of the Group, the Group will still retain a substantial proportion of business operation upon completion of the Proposed Spin-off and the remaining group is still expected to satisfy the requirements under Rule 8.05 of the Listing Rules. In addition, the business of Sunwoda Mobility Energy is clearly delineated with the other businesses in terms of product offerings, manufacturing process and management. As such, the Proposed Spin-off will not have any material adverse impact to operations of remaining businesses of the Group.
- (c) **In line with Shareholders’ interests:** the Company believes that the Proposed Spin-off could better reflect the value of Sunwoda Mobility Energy on its own merits and increase its operational and financial transparency, through which [REDACTED] would be able to appraise and assess the performance and potential of Sunwoda Mobility Energy separately and distinctly from those of the remaining businesses of the Group. The value of Sunwoda Mobility Energy is expected to be enhanced through the Proposed Spin-off given that a listing will enhance its profile and enable it to directly and independently access both equity and debt capital

WAIVERS AND EXEMPTIONS

markets. In addition, the Proposed Spin-off will facilitate the Company to structure dedicated equity incentive schemes for the management of Sunwoda Mobility Energy. As such, it is in the interest of the Shareholders and the Company as a whole to conduct the Proposed Spin-off.

- (d) **No material adverse effect:** there is no material adverse effect on the expectation of the [REDACTED] at the time of [REDACTED]. Upon the Proposed Spin-off, the [REDACTED] can expect to continue to benefit from the growth of Sunwoda Mobility Energy by way of preferential offering and Sunwoda Mobility Energy is expected to continue to be a subsidiary of the Group. Also, as elaborated above, the impact for the Proposed Spin-off on the overall business performance and financial positions is expected to be insignificant to the Group as a whole. At the time of [REDACTED], considering that the Company does not have any concrete plan on the timetable and offering size of the Proposed Spin-off, there should be minimal impact on the [REDACTED] resulting from the expectation of [REDACTED] on the Proposed Spin-off.
- (e) **Safeguards in place to protect Shareholders’ interests:** The following safeguards will be in place to protect the Shareholders’ interest:
 - (i) the Directors owe fiduciary duties to the Company, including the duty to act in good faith and in the best interest of the Shareholders. As such, the Directors will only pursue the Proposed Spin-off if there are clear commercial benefits for both the Company and Sunwoda Mobility Energy. The Directors will not direct the Company to conduct the Proposed Spin-off if they believe that it will have an adverse impact on the interests of the Company and the Shareholders as a whole;
 - (ii) in the event that the waiver from strict compliance with Three-year Spin-off Restriction is granted, it will not dispense with the requirement to obtain the approval from the Stock Exchange for the Proposed Spin-off, which will be evaluated with reference to the facts prevailing at the time of submission of the spin-off application. The Proposed Spin-off will remain subject to the other requirements of PN15, including that the Company will satisfy applicable [REDACTED] eligibility requirements on a standalone basis;
 - (iii) sufficient information will be provided to the Shareholders to assess the impact of the Proposed Spin-off. In particular, details of this waiver will be disclosed in the Document, and the Company will also announce in accordance with the Listing Rules the details of the Proposed Spin-off when it materializes. In addition, the Company will update its plan and status of the Proposed Spin-off in its annual and interim reports after the [REDACTED], so that the Shareholders will obtain periodic updates on the progress of the Proposed Spin-off; and

WAIVERS AND EXEMPTIONS

- (iv) after the [REDACTED], the Company will follow the relevant disclosure requirement and approval procedures pursuant to the applicable requirements under the Listing Rules and applicable PRC laws and regulations, including the Shareholders’ approval pursuant to Rules for the Spin-off of Listed Companies (For Trial Implementation) (《上市公司分拆規則(試行)》).
- (f) Robust disclosures of Sunwoda Mobility Energy and the Proposed Spin-off: details of Sunwoda Mobility Energy, including its shareholding structure, business performance and financial information, and the Proposed Spin-off will be disclosed in the Document in addition to those information which have already been disclosed in the Document.

The Stock Exchange [has granted] the Company a waiver from strict compliance with the Three-year Spin-off Restriction under paragraph 3(b) of PN15, subject to the following conditions:

- (a) disclosures of this waiver will be made in the Document;
- (b) details of Sunwoda Mobility Energy, including its principal scope of businesses and its revenue and net profits for the year ended December 31, 2024, will be disclosed in the Document;
- (c) the Company will announce the details of the Proposed Spin-off in accordance with the Hong Kong Listing Rules when it materializes;
- (d) the Company will update the status of the Proposed Spin-off in its annual and interim reports within three years after the [REDACTED];
- (e) the Company will comply with the applicable requirements under the Hong Kong Listing Rules, including but not limited to Chapters 14 and 14A of the Hong Kong Listing Rules with respect to the Proposed Spin-off; and
- (f) the Proposed Spin-off will be subject to the requirements of PN15 (other than paragraph 3(b) thereof), including that the Company will satisfy the applicable [REDACTED] eligibility requirements on a standalone basis.

WAIVER AND EXEMPTION IN RELATION TO THE SHARE INCENTIVE PLANS

Rule 17.02(1)(b) of the Listing Rules requires a listing applicant to, inter alia, disclose in the prospectus full details of all outstanding options and awards and their potential dilution effect on the shareholdings upon listing as well as the impact on the earnings per share arising from the issue of shares in respect of such outstanding options or awards.

WAIVERS AND EXEMPTIONS

Paragraph 27 of Appendix D1A to the Listing Rules requires a listing applicant to disclose, inter alia, particulars of any capital of any member of the group which is under option, or agreed conditionally or unconditionally to be put under option, including the consideration for which the option was or will be granted and the price and duration of the option, and the name and address of the grantee, or an appropriate negative statement, provided that where options have been granted or agreed to be granted to all the members or debenture holders or to any class thereof, or to employees under a share option scheme, it shall be sufficient, so far as the names and addresses are concerned, to record that fact without giving the names and addresses of the grantees.

Under section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the prospectus must state the matters specified in Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the number, description and amount of any shares in or debentures of the company which any person has, or is entitled to be given, an option to subscribe for, together with the particulars of the option, that is to say, (a) the period during which it is exercisable; (b) the price to be paid for shares or debentures subscribed for under it; (c) the consideration (if any) given or to be given for it or for the right to it; and (d) the names and addresses of the persons to whom it or the right to it was given or, if given to existing shareholders or debenture holders as such, the relevant shares or debentures must be specified in the prospectus.

Paragraph 6 of Chapter 3.6 of the Guide provides that in general, the Stock Exchange would grant waivers from disclosing the names and addresses of certain grantees in the listing document.

Paragraph 7 of Chapter 3.6 of the Listing Guide further provides that a waiver from above requirements is at least subject to the following conditions (the "**Waiver Conditions**"):

- (a) demonstrating that the disclosure required under the relevant Listing Rules would be irrelevant or unduly burdensome;
- (b) disclosing the following in this document:
 - (i) For each of the option grantees who is (1) a director, (2) a member of the senior management of the Company, or (3) a connected person, all the particulars required under paragraph 10(d) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Rule 17.02(1)(b) of the Listing Rules and paragraph 27 of Appendix D1A of the Listing Rules;

WAIVERS AND EXEMPTIONS

- (ii) For the remaining grantees, on an aggregate basis, (1) the aggregate number of grantees and the number of shares underlying the options; (2) the exercise period of each option; (3) the consideration paid for the options; and (4) the exercise price of the options; and
 - (iii) (1) The aggregate number of underlying shares required to be issued to satisfy the options under the pre-[REDACTED] option schemes; (2) the percentage of such aggregate number of underlying shares to the applicant’s issued share capital; and (3) the dilution effect and impact on earnings per share upon full exercise of the options under the pre-[REDACTED] option schemes.
- (c) making available for public inspection a full list of all grantees under the pre-[REDACTED] option schemes with all the particulars required under paragraph 10(d) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Rule 17.02(1)(b) of the Listing Rules and paragraph 27 of Appendix D1A of the Listing Rules.

As of the Latest Practicable Date, the total number of A Shares underlying all outstanding options under the Share Incentive Plans was 4,742,800 A Shares granted to 688 grantees who are our employees, representing approximately [REDACTED]% in the issued share capital of the Company immediately after completion of the [REDACTED] (assuming the [REDACTED] is not exercised). Among the outstanding options, one Directors (Mr. Zeng Di, being all connected persons involved at Company level), one member of the senior management (Mr. Liu Jie), 20 Other Connected Persons (as defined below) and 666 Other Grantees (as defined below) of the Group were granted options for 32,000 A Shares, 24,000 A Shares, 501,200 A Shares and 4,185,600 A Shares, respectively. No options under the Share Incentive Plans will be further granted after [REDACTED].

As of the Latest Practicable Date, the total number of A Shares underlying all outstanding share awards under the Share Incentive Plans was 7,099,629 A Shares granted to 691 grantees who are our employees (together with the option grantees, the “Grantees”), representing approximately [REDACTED]% in the issued share capital of the Company immediately after completion of the [REDACTED] (assuming the [REDACTED] is not exercised). Among the outstanding share awards, two Directors (Dr. Xiao Guangyu and Mr. Zeng Di, being all connected persons involved at Company level), two members of the senior management other than our Directors (Mr. Liu Jie and Mr. Liang Rui), 22 Other Connected Persons and 665 Other Grantees were granted share awards for 100,000 A Shares, 95,000 A Shares, 733,500 A Shares and 6,171,129 A Shares, respectively. No share awards under the Share Incentive Plans will be further granted after [REDACTED].

We have applied to (i) the Hong Kong Stock Exchange for a waiver from strict compliance with the requirements under Rule 17.02(1)(b) and paragraph 27 of Appendix D1A to the Listing Rules, and (ii) the SFC for a certificate of exemption from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance pursuant to section 342A of the Companies (Winding Up

WAIVERS AND EXEMPTIONS

and Miscellaneous Provisions) Ordinance, in connection with the disclosure of certain details relating to the Share Incentive Plans and the Grantees in this Document, on the ground that the waiver will not prejudice the interest of the [REDACTED] and full compliance with such disclosure requirements would be unduly burdensome for our Company for the following reasons:

- (a) given that 688 and 691 Grantees are involved for the grant of outstanding options or share awards under the Share Incentive Plans, respectively, our Directors consider that it would be unduly burdensome to disclose in this Document full details of all the options or share awards granted by us to each of the Grantees, which would significantly increase the cost and time required for information compilation and document preparation for strict compliance with such disclosure requirements as the Company would need to collect and verify the addresses of a large number of the Grantees to meet the disclosure requirement;
- (b) the disclosure of the personal details of each Grantee, including their names, addresses for the Grantees and the number of options or share awards granted, may require obtaining consent from all the Grantees in order to comply with personal data privacy laws and principles and it would be unduly burdensome for our Company to obtain such consents given the number of the Grantees;
- (c) the grant and vesting in full of the options and share awards under the Share Incentive Plans will not cause any material adverse impact to the financial position of our Group;
- (d) there will not be any new H Shares issued under the Share Incentive Plans as the foregoing plans are A Share incentive schemes;
- (e) our Directors consider that non-compliance with the above disclosure requirements would not prevent our Company from providing potential [REDACTED] with sufficient information for an informed assessment of the activities, assets, liabilities, financial position, management and prospects of our Group;
- (f) full disclosure of details of the Grantees (which include their names and addresses), as well as the options and share awards granted to each of them, would provide the Group’s competitors with the Group’s employees’ compensation details and facilitate their soliciting activities which may impact the Group’s ability to recruit and retain valuable personnel;

WAIVERS AND EXEMPTIONS

- (g) material information under the Share Incentive Plans have been disclosed in “Appendix IV — Statutory and General Information — Share Incentive Plans” to provide prospective [REDACTED] with sufficient information to make an informed assessment of the potential dilutive effect and impact on earnings per Share of the options and share awards in making their investment decision, and such information includes:
 - (i) a summary of the terms of the Share Incentive Plans;
 - (ii) the aggregate number of A Shares subject to the outstanding options and share awards, and the percentage in our total issued Shares of which such number represents;
 - (iii) the potential dilutive effect and the impact on earnings per Share upon full exercise of the options and the issue of new Shares in respect of the options immediately following completion of the [REDACTED];
 - (iv) the details of the options and share awards granted under the Share Incentive Plans, including date of grant, vesting period, purchase/exercise price and the percentage of our Company’s total issued share capital represented upon completion of the [REDACTED].

In light of the above, our Directors believe that the grant of the waiver and exemption sought under this application and the non-disclosure of the required information will not hinder potential [REDACTED] from making an informed assessment of the activities, assets and liabilities, financial position, management and prospects of our Group and will not prejudice the interest of the [REDACTED].

In addition, our Company further applies to the Stock Exchange for a waiver from strict compliance with the Waiver Conditions, so that our Company is not required to disclose on an individual basis, the particulars of the options and share awards granted to the other connected persons who are only connected persons at the subsidiary level (the “**Other Connected Persons**”). Given that the Other Connected Persons are only connected persons at the subsidiary level, and are also themselves management personnel of our subsidiaries, individual disclosure of the grant details of such persons would expose sensitive information about our talent management strategies and remuneration policies and provide competitors with specific information that could be used for targeted solicitation of our management personnel, potentially compromising our Group’s efforts to attract and retain key talent and impacting our Group’s business operations and development. In addition, the options and share awards granted to the Other Connected Persons in aggregate only accounted for a minimal portion of the total issued Shares of our Company.

WAIVERS AND EXEMPTIONS

The Stock Exchange [has granted] to us a waiver from strict compliance with the disclosure requirements under Rule 17.02(1)(b) of the Listing Rules paragraph 27 of Appendix D1A to the Listing Rules with respect to the options and share awards granted under the Share Incentive Plans, subject to the conditions that:

- (a) the grant of a certificate of exemption from strict compliance with the relevant Companies (Winding Up and Miscellaneous Provisions) Ordinance requirements by the SFC;
- (b) on an individual basis, full details of the outstanding options and share awards granted by the Company under the Share Incentive Plans to each of the Directors, senior management or other connected persons at the Company level (if any), including all the particulars required under Rule 17.02(1)(b) of the Listing Rules, paragraph 27 of Appendix D1A to the Listing Rules and paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, be disclosed in this Document;
- (c) in respect of the options and share awards granted by our Company under the Share Incentive Plans to the Other Connected Persons and the remaining Grantees (the “**Other Grantee(s)**”), the following details will be disclosed in this Document, on an aggregate basis, (i) the number of the Other Connected Persons and the Other Grantees and the number of A Shares underlying the options and share awards, (ii) date of grant, the vesting period and purchase/exercise price of the options and share awards granted, and (iii) the percentage of our Company’s total issued share capital upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised);
- (d) the aggregate number of A Shares underlying the outstanding options and share awards and the percentage of our Company’s total issued share capital represented by such number of A Shares as of the Latest Practicable Date will be disclosed in this Document;
- (e) a summary of the principal terms of the Share Incentive Plans will be disclosed in the section headed “Appendix IV — Statutory and General Information — Share Incentive Plans” in this Document;
- (f) the dilutive effect and impact on earnings per share upon the full vest of the share awards and exercise of the option under the Share Incentive Plans upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised) are disclosed in “Appendix VI — Statutory and General Information — Share Incentive Plans” to this Document;
- (g) the particulars of this waiver are set out in this Document; and
- (h) a full list of all the Grantees with outstanding options and share awards for A Shares under the Share Incentive Plans, containing all details as required under Rule 17.02(1)(b) of the Listing Rules be made available for public inspection in accordance with “Documents Delivered to the Registrar of Companies in Hong Kong and Available on Display — Document Available for Inspection” in Appendix V to this Document.

WAIVERS AND EXEMPTIONS

The SFC [has granted] us a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting our Company from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance with respect to the options and share awards granted under the Share Incentive Plans, subject to the conditions that:

- (a) on an individual basis, full details of the outstanding options granted by the Company under the Share Incentive Plans to each of the Directors and connected persons at Company level, are disclosed in this Document, and such details include all the particulars required under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;
- (b) in respect of the options granted by our Company under the Share Incentive Plans to the Other Connected Persons and the Other Grantees, the following details will be disclosed in this Document, on an aggregate basis, (i) the number of the Other Connected Persons and the Other Grantees and the number of A Shares underlying the options and share awards, (ii) date of grant, the vesting period and exercise price of the options and share awards granted, and (iii) the percentage of our Company’s total issued share capital upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised);
- (c) a full list of all the Grantees with outstanding options over A Shares under the Share Incentive Plans, containing all details as required under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, be made available for public inspection in accordance with “Documents Delivered to the Registrar of Companies in Hong Kong and Available on Display — Document Available for Inspection” in Appendix V to this Document;
- (d) the particulars of the exemption be set forth in this Document; and
- (e) this Document will be issued on or before [REDACTED].

WAIVER IN RESPECT OF BUSINESS ACQUIRED AFTER THE TRACK RECORD PERIOD

Pursuant to Rules 4.04(2) and 4.04(4)(a) of the Listing Rules, the accountants’ report to be included in a listing document must include the income statements and balance sheet of any business or subsidiary acquired, agreed to be acquired or proposed to be acquired since the date to which the latest audited accounts of the issuer have been made up in respect of each of the three financial years immediately preceding the issue of the listing document.

WAIVERS AND EXEMPTIONS

Pursuant to note (4) of Rule 4.04(4) of the Listing Rules, the Stock Exchange may consider an application for a waiver of Rules 4.04(2) and 4.04(4) of the Listing Rules taking into account the following factors:

- (a) that all the percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) are less than 5% by reference to the most recent audited financial year of the new applicant’s trading record period;
- (b) if the acquisition will be financed by the proceeds raised from a public offer, the new applicant has obtained a certificate of exemption from the SFC in respect of the relevant requirements under paragraphs 32 and 33 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance; and
- (c)
 - (i) where a new applicant’s principal activities involve the acquisition of equity securities (the Stock Exchange may require further information where securities acquired are unlisted), the new applicant is not able to exercise any control, and does not have any significant influence over the underlying company or business to which Rule 4.04(2) and 4.04(4) of the Listing Rules relate, and has disclosed in its listing document the reasons for the acquisition and a confirmation that the counterparties and their respective ultimate beneficial owners are independent of the new applicant and its connected persons. In this regard, “control” means the ability to exercise or control the exercise of 30% (or any amount specified in the Hong Kong Code on Takeovers and Mergers as the level for triggering a mandatory general offer) or more of the voting power at general meeting, or being in a position to control the composition of a majority of the board of directors of the underlying company or business; or
 - (ii) with respect to an acquisition of a business (including acquisition of an associated company and any equity interest in a company other than in the circumstances covered under sub-paragraph (a) above) or a subsidiary by a new applicant, the historical financial information of such business or subsidiary is unavailable, and it would be unduly burdensome for the new applicant to obtain or prepare such financial information; and the new applicant has disclosed in its listing document information required for the announcement for a discloseable transaction under Rules 14.58 and 14.60 of the Listing Rules on each acquisition. In this regard, “unduly burdensome” will be assessed based on each new applicant’s specific facts and circumstances (e.g. why the financial information of the acquisition target is not available and whether the new applicant or its controlling shareholder has sufficient control or influence over the seller to gain access to the acquisition target’s books and records for the purpose of complying with the disclosure requirements under Rules 4.04(2) and 4.04(4) of the Listing Rules).

WAIVERS AND EXEMPTIONS

Background

DeepWay Acquisition

On October 17, 2025, Shenzhen Qianhai Hongsheng Entrepreneurship Investment Service Co., Ltd. (深圳市前海弘盛創業投資服務有限公司) (“**Qianhai Hongsheng**”), a wholly-owned subsidiary of our Company, entered into a subscription agreement, among others, with DeepWay Technology Co., Ltd. (深向科技股份有限公司) (“**DeepWay**”), an Independent Third Party, pursuant to which Qianhai Hongsheng agreed to subscribe for 1,049,225 shares in DeepWay, representing approximately 0.76% of DeepWay’s total issued shares upon the completion of subscription at the investment amount of approximately RMB50 million (“**DeepWay Acquisition**”). The total consideration payable by us in the DeepWay Acquisition was determined through arm’s length negotiation. The consideration was fully settled on October 23, 2025 by our internal funds.

DeepWay is a global leader in offering new energy heavy-duty trucks and intelligent road freight solutions. Its total assets amounted to approximately RMB3.9 billion as of June 30, 2025, and its revenue and gross profit amounted to approximately RMB2.0 billion and RMB9.8 million for the year ended December 31, 2024, respectively.

Such investment in DeepWay will create further strategic synergy between the Group and DeepWay. In particular, we will carry out long-term cooperation in the field of new energy industry investment and core supply chain development with DeepWay and we will work with it to create specialized batteries tailored to specific scenarios, so that we can achieve optimal integration of battery and vehicle performance and enhance product competitiveness. At the same time, our Company and DeepWay will strengthen collaboration across the entire value chain of power battery production, including R&D of production lines, process technology, equipment procurement, and manufacturing while establishing a regular mechanism for technical exchange and sharing of the latest technologies and market information.

CNGR Acquisition

On November 5, 2025, Sunwoda Treasury (Hong Kong) Limited (欣旺達財資(香港)有限公司) (“**Sunwoda Treasury**”), a wholly-owned subsidiary of our Company, entered into a cornerstone investment agreement, among others, with CNGR Advanced Material Co., Ltd. (中偉新材料股份有限公司) (“**CNGR**”), a joint stock company established in the PRC and whose shares are listed on the Shenzhen Stock Exchange (stock code: 300919) and the Stock Exchange (stock code: 2579), an Independent Third Party, pursuant to which Sunwoda Treasury agreed to subscribe for 1,595,800 H shares in CNGR (representing approximately 0.15% of CNGR’s total issued shares upon the completion of its global offering) with an investment amount of approximately HK\$55 million (“**CNGR Cornerstone Investment**”). On November 14, 2025, as a placee in the global offering of CNGR, Sunwoda Treasury was allocated 146,800 H shares in CNGR (representing approximately 0.01% of CNGR’s total issued share capital upon the completion of its global offering) with the consideration of approximately HK\$5 million (“**CNGR Placement**”, collectedly with CNGR Cornerstone

WAIVERS AND EXEMPTIONS

Investment, “**CNGR Acquisition**”). The total consideration payable by us in the CNGR Acquisition was determined by the final offer price of CNGR’s global offering. The CNGR Acquisition has been fully settled on November 17, 2025 with our internal funds.

CNGR is a new energy materials company, primarily engaged in the research and development, production and sales of new energy battery materials with a focus on cathode active material precursors (pCAM), and new energy metal products. According to the prospectus of CNGR, its total assets amounted to approximately RMB30.5 billion as of June 30, 2025, and its revenue and gross profit amounted to approximately RMB40.2 billion and RMB4.8 billion for the year ended December 31, 2024, respectively.

Jinxun Acquisition

On December 29, 2025, Sunwoda Treasury entered into a cornerstone investment agreement with, among others, Yunnan Jinxun Resources Co., Ltd. (雲南金潯資源股份有限公司) (“**Jinxun**”), a joint stock company established in the PRC and whose shares are listed on the Stock Exchange (stock code: 3636), an Independent Third Party, pursuant to which Sunwoda Treasury agreed to subscribe for 333,200 H shares in Jinxun (representing approximately 0.23% of Jinxun’s total issued shares upon the completion of its global offering) at an investment amount of approximately HK\$10 million (“**Jinxun Cornerstone Investment**”). On January 8, 2025, as a placee in the global offering of Jinxun, Sunwoda Treasury was allocated 333,000 H shares in Jinxun (representing approximately 0.91% of Jinxun’s total issued share capital upon the completion of its global offering) with the consideration of approximately HK\$1 million (“**Jinxun Placement**”, collectively with Jinxun Cornerstone Investment, “**Jinxun Acquisition**”). The total consideration payable by us in the Jinxun Acquisition was determined by the final offer price of Jinxun’s global offering. The Jinxun Acquisition was fully settled on January 9, 2026 with our internal funds.

Jinxun is a leading manufacturer of high-quality copper cathodes, with a strong presence in DR Congo and Zambia. According to the prospectus of Jinxun, its total assets amounted to approximately RMB1.5 billion as of June 30, 2025, and its revenue and gross profit amounted to approximately RMB1.8 billion and RMB367.7 million for the year ended December 31, 2024, respectively.

Reasons and Benefits

For the purpose of our business expansion, we had been acquiring minority interests and making investments in several investee companies during and subsequent to the Track Record Period. The Company believes that the DeepWay Acquisition, CNGR Acquisition and Jinxun Acquisition (“**Post-TRP Acquisitions**”) will create further strategic synergy between the Group and our business partners and will also support the Group’s long-term business development.

Our Directors considered that these investment are on normal commercial terms, fair and reasonable and in the interest of our Company and the Shareholders as a whole.

WAIVERS AND EXEMPTIONS

Conditions to the waiver granted by the Stock Exchange

We have applied to the Stock Exchange for, and the Stock Exchange [has] granted a waiver from strict compliance with Rules 4.04(2) and 4.04(4) of the Listing Rules in respect of the Post-TRP Acquisitions on the following grounds:

(a) *Immateriality*

Under Rule 14.04(9) of the Listing Rules, all the applicable percentage ratios under Rule 14.07 of the Listing Rules in relation to the Post-TRP Acquisitions are below 5% by reference to the most recent audited financial year of the Track Record Period. We consider the Post-TRP Acquisitions to be immaterial in the context of our Company’s operations as a whole and therefore a waiver from strict compliance with Rules 4.04(2) and 4.04(4) of the Listing Rules will not affect potential investors’ assessment of our business and future prospects when considering an investment in our Company.

(b) *Acquisition of minority interests only and absence of control*

We will not be able to control a majority of the board of directors nor the daily management of DeepWay, CNGR and Jinxun, and therefore it will not be treated as our subsidiary upon completion of the Post-TRP Acquisitions. As a result, its financial information will not be consolidated into our Group.

(c) *Impracticality and undue burden*

Apart from what is available in the public domain, our Company has no access to the books and records of DeepWay, CNGR and Jinxun for conducting an audit given that we will not have any control over each of DeepWay, CNGR and Jinxun, nor will we have any representative on or control over its boards of directors, or be in a position to consolidate the financials of DeepWay, CNGR and Jinxun.

As we will not have sufficient information to prepare the historical financial information of DeepWay, CNGR and Jinxun, it would be impracticable and unduly burdensome for us to prepare the information required under Rules 4.04(2) and 4.04(4)(a) of the Listing Rules for inclusion in this Document.

(d) *Alternative disclosure in this Document*

We have provided alternative information in this Document in connection with the Post-TRP Acquisitions required for the announcement for a discloseable transaction under Chapter 14 of the Listing Rules including, among other things, (i) the reasons for the Post-TRP Acquisitions, (ii) description of the principal business of DeepWay, CNGR and Jinxun, (iii) descriptions of the counterparties of the Post-TRP Acquisitions and a confirmation that they are Independent Third Parties, (iv) the considerations for the Post-TRP Acquisitions and how they were satisfied, (v) basis on which the considerations for the Post-TRP Acquisitions were determined, and (vi) key financial information of DeepWay, CNGR and Jinxun.

WAIVERS AND EXEMPTIONS

[REDACTED]

WAIVERS AND EXEMPTIONS

[REDACTED]

WAIVERS AND EXEMPTIONS

[REDACTED]

WAIVERS AND EXEMPTIONS

[REDACTED]

WAIVERS AND EXEMPTIONS

[REDACTED]

WAIVERS AND EXEMPTIONS

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Name	Address	Nationality

Executive Directors

Mr. Wang Wei (王威)	Room 10B, Block 8 Xiangyu Zhongyang Huayuan No. 66 Nongyuan Road Futian District Shenzhen, Guangdong PRC	Chinese

Dr. Xiao Guangyu (肖光昱)	Room 1801, Tower A, Block 2 Junhui Xintian Huayuan Zhongxin Road Nanshan District Shenzhen, Guangdong PRC	Chinese

Mr. Zeng Di (曾玆)	Room 1610, Building D, Phase 2 Zhongtai Yannan Mingting Yanan Road, Huaqiangbei Street Futian District Shenzhen, Guangdong PRC	Chinese

Non-executive Director

Mr. Zhou Xiaoxiong (周小雄)	Flat A3, 18/F, Tower 6 St Martin Tai Po New Territories Hong Kong	Chinese (Hong Kong)

Independent Non-executive Directors

Dr. Wu Qiyong (吳崎右)	Room 408, Building 5 Hongxiang Garden No. 68 Songyuan Road Luohu District Shenzhen, Guangdong PRC	Chinese

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Name	Address	Nationality
Mr. Tang Xu (湯旭)	Flat S8, 15/F, Bondlane II 268 Hai Tan Street Sham Shui Po Kowloon Hong Kong	Chinese
Dr. Zhang Jianjun (張建軍)	Room A306 YifengYuan No. 45 Jingtian East Road Futian District Shenzhen, Guangdong PRC	Chinese

For further details on our Directors, see the section headed “Directors and Senior Management”.

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors

(in no particular order)

Goldman Sachs (Asia) L.L.C.

68/F, Cheung Kong Center
2 Queen’s Road Central
Hong Kong

CITIC Securities (Hong Kong) Limited

18/F, One Pacific Place
88 Queensway
Hong Kong

Overall Coordinators, [REDACTED]

(in no particular order)

Goldman Sachs (Asia) L.L.C.

68/F, Cheung Kong Center
2 Queen’s Road Central
Hong Kong

CLSA Limited

18/F, One Pacific Place
88 Queensway
Hong Kong

Legal Advisors to our Company

As to Hong Kong and U.S. laws

Davis Polk & Wardwell

10/F, The Hong Kong Club Building
3A Chater Road
Central
Hong Kong

As to PRC laws

Sundial Law Firm

11 and 12/F., Taiping Finance Tower
6001 Yitian Road
Futian District
Shenzhen
Guangdong
PRC

**Legal Advisors to the Joint Sponsors and
the [REDACTED]**

As to Hong Kong and U.S. laws

Freshfields

55th Floor, One Island East
Taikoo Place
Quarry Bay
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

As to PRC laws

Jingtian & Gongcheng

Suite 45/F, K.Wah Centre
1010 Huaihai Road (M)
Xuhui District
Shanghai
PRC

Reporting Accountants and Independent Auditor

Confucius International CPA Limited

Certified Public Accountants
Registered Public Interest Entity Auditor
Room 1501-08, 15/F
181 Johnston Road
Wanchai
Hong Kong

Industry Consultant

China Insights Industry Consultancy Limited

10F, Block B, Jing'an International Center
88 Puji Road
Jing'an District
Shanghai
PRC

Compliance Advisor

Somerley Capital Holdings Limited

20/F, China Building
29 Queen's Road Central
Hong Kong

[REDACTED]

CORPORATE INFORMATION

Registered Office, Headquarters and Principal Place of Business in the PRC	Comprehensive Building 1st Floor Sections A-B 2nd Floor Section D 2nd Floor 9th Floor No. 2 Longyao Road Shilong Community, Shiyao Street Bao'an District Shenzhen, Guangdong PRC
Principal Place of Business in Hong Kong	Room 1919, 19/F, Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Company's Website	<u>www.sunwoda.com</u> <i>(The information contained in this website does not form part of this Document)</i>
Joint Company Secretaries	Mr. Zeng Di (曾玆) Comprehensive Building 1st Floor Sections A-B 2nd Floor Section D 2nd Floor 9th Floor No. 2 Longyao Road Shilong Community, Shiyao Street Bao'an District Shenzhen, Guangdong PRC Ms. Chan Pui Ching Christie (陳佩貞) <i>(an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom)</i> Room 1919, 19/F, Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong

CORPORATE INFORMATION

Authorized Representatives

Mr. Wang Wei (王威)
Comprehensive Building 1st Floor
Sections A-B 2nd Floor
Section D 2nd Floor
9th Floor
No. 2 Longyao Road
Shilong Community, Shiyan Street
Bao'an District
Shenzhen, Guangdong
PRC

Mr. Zeng Di (曾玓)
Comprehensive Building 1st Floor
Sections A-B 2nd Floor
Section D 2nd Floor
9th Floor
No. 2 Longyao Road
Shilong Community, Shiyan Street
Bao'an District
Shenzhen, Guangdong
PRC

Audit Committee

Dr. Zhang Jianjun (張建軍) (*Chairman*)
Mr. Tang Xu (湯旭)
Mr. Zhou Xiaoxiong (周小雄)

Nomination Committee

Mr. Tang Xu (湯旭) (*Chairman*)
Dr. Wu Qiyu (吳崎右)
Dr. Xiao Guangyu (肖光昱)

Remuneration and Evaluation Committee

Dr. Wu Qiyu (吳崎右) (*Chairwoman*)
Mr. Tang Xu (湯旭)
Dr. Xiao Guangyu (肖光昱)

Strategy and Sustainable Development Committee

Mr. Wang Wei (王威) (*Chairman*)
Mr. Zhou Xiaoxiong (周小雄)
Dr. Zhang Jianjun (張建軍)
Mr. Zeng Di (曾玓)
Dr. Wu Qiyu (吳崎右)

[REDACTED]

CORPORATE INFORMATION

Principal Banks

Ping An Bank, Shenzhen Shenda Branch

The south side of the west gate of
Shenzhen University
Nanhai Avenue
Nanshan District
Shenzhen, Guangdong
PRC

Bank of China, Shenzhen Qiaoxiang Branch

No. 1, Phase 2 podium of
Zhenye Cuihai Garden
Qiaoxiang Road, Xiangmihu Street
Futian District
Shenzhen, Guangdong
PRC

China Construction Bank, Shenzhen Guanlan Branch

No. 101 and 201, Dahe Road
Business Building
Guanhu Street
Longhua District
Shenzhen, Guangdong
PRC

INDUSTRY OVERVIEW

The information and statistics set out in this section and other sections of this Document were extracted from different official government publications, available sources from public market research and other sources from independent suppliers, and from the independent industry report prepared by China Insights Industry Consultancy Limited (“CIC”). We engaged CIC to prepare an independent industry report in connection with the [REDACTED] (the “CIC Report”). The information from official government sources has not been independently verified by us, the Joint Sponsors, the Overall Coordinators, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], any of their respective directors and advisors, or any other persons or parties involved in the [REDACTED], and no representation is given as to its accuracy. Accordingly, the information from official government sources contained herein may not be accurate.

OVERVIEW OF THE GLOBAL LITHIUM-ION BATTERY INDUSTRY

The global demand for electric power has been increasing steadily, driven by ongoing digitalisation and the proliferation of smart technologies across various sectors. This trend has accelerated the need for high-performance, portable and decentralised energy storage solutions.

Currently, the major battery technologies include lithium-ion batteries, lead-acid batteries, nickel-based secondary batteries, fuel cells and sodium batteries. Traditional batteries such as lead-acid and nickel-based secondary batteries have been gradually replaced by lithium-ion batteries in consumer electronics and electric vehicles, due to limitations in energy density, cycle life and environmental performance, though they continue to serve certain niche applications such as automotive starter batteries, backup power supply and data-center energy storage systems. Fuel batteries and sodium batteries, on the other hand, remain at an early stage of commercialization, with significant technical and cost barriers yet to be overcome. Among the various battery technologies, lithium-ion batteries have emerged as the dominant choice, primarily due to their relatively higher energy density, longer operational life and lower environmental footprint. The table below provides a comparison between different battery technologies:

	Lithium-ion batteries	Lead-acid batteries	Nickel-based secondary batteries	Fuel cells	Sodium batteries
Energy density					
Cost effectiveness					
Operational life					
Environmental friendliness					

High / Long →
 Low / Short

Source: CIC

INDUSTRY OVERVIEW

Driven by continuous innovation and technological progress, lithium-ion batteries have steadily expanded their range of applications. Originally used in traditional consumer electronics, they have since penetrated an increasing number of other consumer categories that require portability and mobility, such as smart wearables and smart home appliances. Their superior energy performance has also made them the dominant power source for electric vehicles, advancing the shift toward decarbonized and smart mobility. In the energy storage sector, lithium-ion batteries enable the large-scale integration of renewable energy systems and stable supply of power at all times.

In addition to the above major use cases, lithium-ion batteries are also empowering the trend of “re-electrification”, as more electronic products — from power tools and personal mobility devices to home appliances and industrial devices — adopt battery power alongside utility power for greater flexibility and ease of use.

OVERVIEW OF THE GLOBAL CONSUMER BATTERY MARKET

Overview of consumer batteries

Consumer batteries refer to lithium-ion batteries used in consumer electronics, a core application area where lithium-ion batteries were first commercialized. From the mainstream categories such as mobile phones, laptops and tablets, to emerging smart devices such as TWS earbuds, wearables, and service robots, the rapid evolution of consumer electronics has increased demands for batteries with slimmer designs and extended battery life.

To meet these demands, lithium-ion batteries have steadily displaced legacy technologies such as nickel-cadmium and alkaline batteries, thanks to their superior all-around performance. Their high energy density enables longer usage within compact sizes, while their relatively long cycle life ensures consistent performance over the product life cycles. Technology advancements in fast-charging have further improved charging efficiency and enhanced overall user experience.

Furthermore, lithium-ion batteries use environmentally friendly materials free from heavy metals like mercury and cadmium, aligning with the rising sustainability standards and supporting broader adoption across the consumer electronics landscape.

INDUSTRY OVERVIEW

Consumer battery technology continues to evolve

Driven by the trends of product diversification, miniaturization and intelligence in consumer electronics, the pace of innovation in consumer battery technology continues to accelerate. Lithium-ion batteries are overcoming bottlenecks in charging performance, material systems and packaging and structural design, delivering energy performance that matches the demand of modern electronic devices. Key technological breakthroughs include the following:

Fast-charging and fast-discharging. Ongoing advancements in fast-charging technology for consumer batteries are largely driven by continuous innovation in electrode materials, electrolyte formulations, and cell architecture. The integration of high-grade cathode materials such as high-voltage platforms, fast ion-conductive anodes such as silicon-carbon composites, and stable electrolyte systems enables fast-charging and fast-discharging while effectively minimizing risks such as lithium plating and thermal runaway. Furthermore, improvements in precision electrode fabrication and intelligent charge and discharge management algorithms have significantly enhanced energy conversion efficiency and thermal stability throughout the fast-charging process.

Solid-state structure. To fully address the demands for both high energy density and long service life, next-generation battery technologies, most notably solid-state batteries, are pushing the limits of conventional lithium-ion systems. With solid-state electrolytes and high-performance electrode materials, these technologies improve energy density and safety, reduce charge-discharge losses, and extend battery lifespan. As they become mature, future power-intensive consumer electronics, such as consumer drones and home robots, are expected to benefit from notable advances in endurance, safety, and design flexibility.

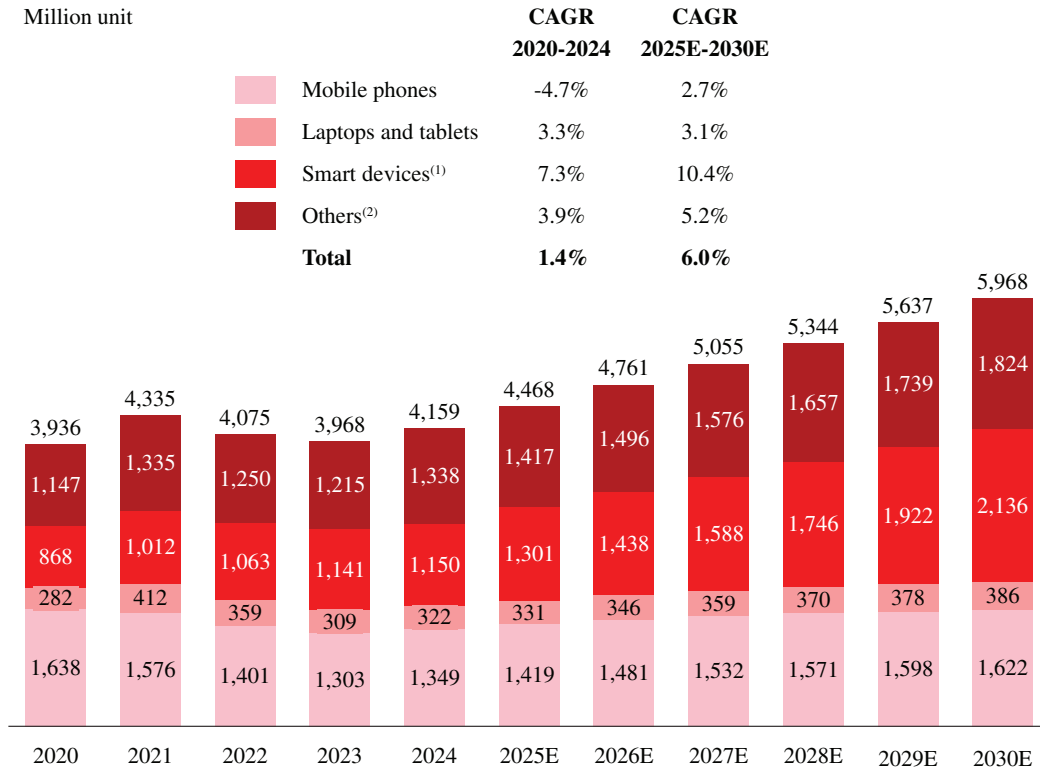
Packaging. The drive for miniaturization and integration is propelling innovation in battery packaging. SiP technology integrates electronic components and battery modules into compact, high-efficiency and reliable system-level solutions. It not only saves space, but also translates into gains in energy density, thermal control, and structural adaptability, making SiP particularly well-suited to next-generation smart devices with stringent design requirements.

The global consumer battery market size

According to CIC, global shipment volume of consumer batteries increased from 3,936 million units in 2020 to 4,159 million units in 2024, at a CAGR of 1.4%. The market experienced a temporary contraction in 2022 and 2023, primarily driven by a downturn in mobile phone demand, but demonstrated a strong recovery in 2024 and is expected to increase from 4,468 million units in 2025 to 5,968 million units in 2030, at a CAGR of 6.0%. Widely integrated into everyday routines, mobile phones, laptops, and tablets are the most frequently used consumer electronics, playing a central role in modern digital lifestyles. Specifically, as the largest consumer electronics category globally, the shipment volume of mobile phone batteries reached 1,349 million units in 2024, accounting for 32.4% of total consumer battery shipments.

INDUSTRY OVERVIEW

Market size of global consumer battery industry, in terms of shipment volume, by product, 2020-2030E



Source: Omdia, Gartner, CIC

Notes:

- (1) Smart devices refer to connected electronic products with intelligent functions, such as smart home appliances, smart wearables, and service robots.
- (2) Others include power banks, power tools, light mobility, etc.

Drivers of the global consumer battery market

Ever-increasing demand for consumer electronics. In the near term, the integration of AI is reshaping user interaction and usage patterns in consumer electronics. Devices are increasingly equipped with advanced sensing and processing capabilities, leading to more frequent and prolonged usage and, in turn, driving an uptick in shipment volumes. Over the longer term, mainstream consumer electronics, including mobile phones, laptops and tablets, continue to demonstrate substantial global growth potential, supported by the rising adoption of AI applications and the relatively low penetration rates in certain emerging markets. At the same time, the proliferation of emerging device categories, such as consumer service robots and smart wearables, is expanding the use cases for consumer batteries, thereby contributing to sustained market growth.

INDUSTRY OVERVIEW

Increasing demand of multiple devices. With the rapid evolution of smart devices, the categories of consumer electronics have become increasingly diversified. Consumers now own a wider variety of devices, including earphones, smart watches and AR glasses, in addition to mobile phones, laptops and tablets. At the same time, lithium-ion batteries have also become increasingly tailor-made in capacity and form factor to meet the specific requirements of different consumer electronics.

Increase in battery capacity. As device performance continues to advance, power consumption has accordingly increased. The widespread adoption of power-intensive applications, such as mobile gaming, high-resolution video streaming, AR/VR, as well as the continuous operation of consumer drones and service robotics, has significantly heightened user expectations for extended battery life. In response, device manufacturers are increasing battery capacities while maintaining compact form factors. These enhancements have contributed to a steady rise in the average battery capacity per device, meeting users’ demand for longer, uninterrupted usage times.

Technology upgrade. Ongoing advancements in battery technology continue to drive improvements in core performance. Innovations in battery cell architecture and pack design, thermal management, multi-level protection mechanisms and stable material systems have collectively minimized risks such as overheating and short circuits, offering more reliable energy solutions for next-generation devices.

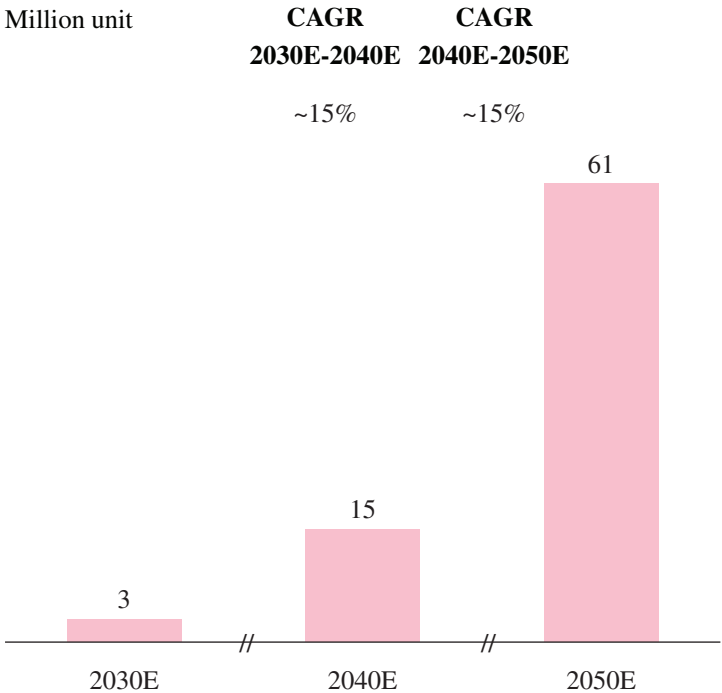
Emerging application of consumer batteries

With the continuous progression of technology, the application of consumer batteries are also constantly expanding from mainstream consumer electronics products such as mobile phones, laptops and tablets, to innovative and emerging devices. Among them, service robots are rapidly gaining traction across various scenarios such as home cleaning, companion, education, and smart security. Their long-duration operation, real-time sensing, and continuous mechanical movement result in high energy consumption, placing stricter requirements on battery performance in terms of volume adaptability, energy density, charge-discharge efficiency, and cycle life.

According to CIC, the global shipment volume of consumer service robot batteries is expected to increase from 3 million in 2030 to 15 million in 2040, representing a CAGR of approximately 15%, and further reach 61 million by 2050, representing a CAGR of approximately 15% from 2040 to 2050.

INDUSTRY OVERVIEW

Shipment volume of consumer service robot battery, 2030E-2050E



Source: CIC

Competitive landscape of the global consumer battery market

In 2024, the global battery markets for mobile phones and laptops and tablets were highly concentrated. The top five companies accounted for approximately 90% of the market share, all of which were Chinese players.

In recent years, the strategic priorities of major global consumer battery manufacturers have undergone a notable shift. They have been strategically increasing their investment in the EV battery sector to capitalize on emerging market opportunities. While their focus evolves, the consumer battery remains dynamic, with sustained demand and ongoing innovation, presenting significant opportunities for Chinese manufacturers to further expand their global presence.

Meanwhile, Chinese players have consistently advanced in material system optimization, manufacturing quality enhancement and automation, bringing overall product performance in line with international standards. In areas such as delivery stability, customer responsiveness, and customization, Chinese manufacturers have also demonstrated increasingly stronger competitiveness. A growing number of Chinese players have gained broad brand recognition and secured leading global positions. Their batteries are now widely adopted in mainstream and emerging consumer electronics products.

INDUSTRY OVERVIEW

In 2024, Sunwoda shipped a total of 460 million mobile phone batteries globally, representing a market share of 34.3%, making it the largest battery manufacturer for mobile phones. In addition, it shipped a total of 70 million laptop and tablet batteries globally, representing a market share of 21.6%, making it the second largest battery manufacturer for laptops and tablets. Meanwhile, Sunwoda is also the largest battery manufacturer for mobile phones and the second largest battery manufacturer for laptops and tablets in terms of revenue in 2024, with a market share of respectively 35.3% and 21.6%. The tables below set out the global competitive landscapes of the mobile phone and laptop and tablet battery markets in 2024.

Competitive landscape of the global mobile phone battery market, 2024

Rank	Company name	Shipment volume, million units	Market share in terms of shipment volume, %	Market share in terms of revenue, %
1	Sunwoda	~460	34.3%	35.3%
2	Company A	~420	30.8%	34.5%
3	Company B	~170	12.7%	13.1%
4	Company C	~90	6.9%	5.5%
5	Company D	~80	5.7%	5.8%

Source: Annual reports of listed companies, Interviews with industry experts, CIC

Notes:

- (1) Company A is a lithium-ion battery manufacturer founded in China in 2009. It mainly provides lithium-ion batteries for consumer electronics and industrial applications. It is an unlisted company.
- (2) Company B is a lithium-ion battery manufacturer founded in China in 1985. It mainly provides lithium-ion batteries for mobile phones, laptops, and other consumer electronics. It is a listed company on the Shenzhen Stock Exchange.
- (3) Company C is a lithium-ion battery manufacturer founded in China in 1997. It mainly provides battery management systems and battery pack solutions for consumer electronics and industrial applications. It is a listed company on the Hong Kong Stock Exchange.
- (4) Company D is a lithium-ion battery manufacturer founded in Taiwan in 1992. It mainly provides lithium-ion batteries for laptops, tablets, and other consumer electronics. It is a listed company on the Taiwan Stock Exchange.

INDUSTRY OVERVIEW

Competitive landscape of the global laptop and tablet battery market, 2024

Rank	Company name	Shipment volume, million units	Market share in terms of shipment volume, %	Market share in terms of revenue, %
1	Company D	~110	33.3%	33.6%
2	Sunwoda	~70	21.6%	21.6%
3	Company A	~30	10.6%	10.2%
4	Company B	~30	8.0%	8.0%
5	Company E	~20	7.0%	8.3%

Source: Annual reports of listed companies, Interviews with industry experts, CIC

Note:

- (1) Company E is a lithium-ion battery manufacturer founded in Taiwan in 1998. It mainly provides lithium-ion batteries for laptops, electric bicycles, and industrial equipment. It is a listed company on the Taiwan Stock Exchange.

OVERVIEW OF THE GLOBAL EV BATTERY MARKET

Overview of EV batteries

In recent years, the intensifying challenge of climate change has positioned ‘carbon neutrality’ as a top priority on the global policy agenda. By the end of 2024, nearly 200 countries and regions had announced their Nationally Determined Contributions for emissions reduction and introduced policies to support a transition toward green, low-carbon development. Among various decarbonization strategies, the electrification of vehicles has emerged as a critical pathway, with lithium-ion EV batteries playing a central role in this shift.

INDUSTRY OVERVIEW

EV batteries are rechargeable lithium-ion systems serving as the main energy source in new energy vehicles (NEVs). Depending on the powertrain type, NEVs can be categorized into battery electric vehicles (BEVs), extended-range electric vehicles (EREVs), plug-in hybrid electric vehicles (PHEVs), and hybrid electric vehicles (HEVs). The table below illustrates the difference between different powertrain types, and the specific features of EV batteries tailored to each category.

	BEV	EREV	PHEV	HEV
Power Source	Battery	Battery	Battery + ICE	Battery + ICE
Vehicle Range				
Battery Capacity				
Battery Charging Methods	External charging	External charging + ICE charging	External charging + ICE charging	ICE charging

 Large →  Small

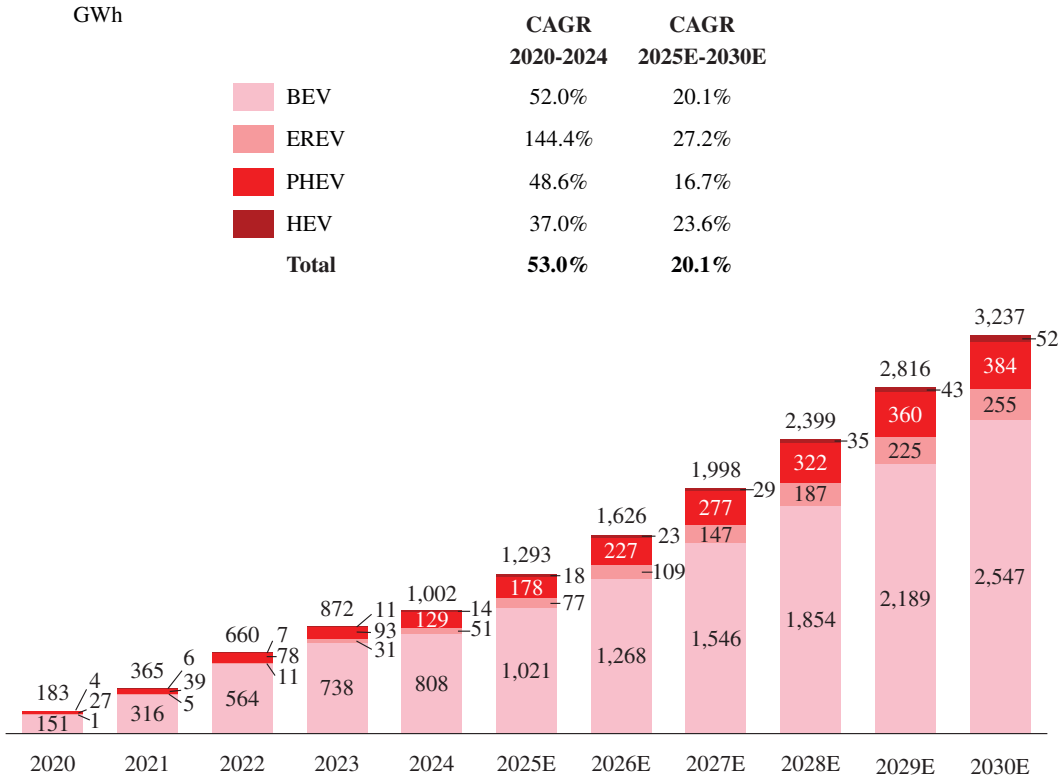
Source: CIC

The global EV battery market size

The global shipment volume of EV batteries grew from 183 GWh in 2020 to 1,002 GWh in 2024, at a CAGR of 53.0%, and is expected to further increase from 1,293 GWh in 2025 to 3,237 GWh in 2030, at a CAGR of 20.1%.

INDUSTRY OVERVIEW

Market size of global EV battery industry, in terms of shipment volume, by powertrain type, 2020-2030E



Source: BNEF, China Passenger Car Association, CIC

China is the world’s largest and one of the fastest-growing EV battery markets. The China’s shipment volume of EV batteries grew from 68 GWh in 2020 to 521 GWh in 2024, at a CAGR of 66.5%, and is expected to further increase to 1,612 GWh in 2030, at a CAGR of 19.2% from 2025 to 2030. Specifically, EREV batteries have grown significantly in recent years, driven by their unique features such as extended range capabilities and the flexibility of combining electric and ICE power. Looking ahead, the market is expected to witness explosive growth in fast-charging BEVs, while EREVs and HEVs are also expected to maintain rapid growth, shaping a diversified powertrain landscape that meets varying consumer needs.

In contrast, the global adoption of NEVs remains slower than that of China, with the sales volume lower than half of that in China in 2024. HEV, which accounts for more than 60% of total overseas NEV sales, is the most common type of NEV overseas currently and in the near future, due to the underpenetrated charging infrastructure overseas. In the long run, as more attention is paid to environmental sustainability, the demand for more electricity-powered NEVs will also continue to grow, promoting the market to gradually evolve towards a pattern where all powertrain types coexist.

INDUSTRY OVERVIEW

Drivers of the global EV battery market

Technological advancement. Progress in battery technology has boosted energy density, charging speed, safety and stability of EV batteries, effectively reducing range anxiety for NEVs. For example, solid-state batteries are poised to significantly increase energy density, while innovations like regional activity regulation and nano-buffer network design will enhance fast-charging capabilities. These advancements are accelerating industry transformation. As current lithium-ion batteries approach their theoretical energy density limits, further market penetration hinges on breakthroughs in charging speed and capacity.

Growing downstream demand. With continuously rising NEV sales and steady increases in market penetration, EV battery demand shows sustained growth momentum. Future advancements in battery technology and broader adoption will see emerging applications such as electric aircraft and vessels becoming new demand drivers, further expanding the EV battery market.

Improvement of charging infrastructure. The ongoing improvement of charging infrastructure has made NEV charging more convenient, offering an increasingly better NEV experience. In particular, China has built the world’s most extensive charging infrastructure network in terms of coverage and variety. As of January 2025, there were over 13 million charging stations in China. This robust infrastructure development is essential to the increasing adoption of NEVs that drives further growth of EV batteries.

Favorable policy. Governments worldwide have implemented policies supporting the EV battery industry. Supportive measures range from R&D funding and tax incentives for battery manufacturers. For example, China’s NEV Industry Development Plan (2021-2035) explicitly prioritizes EV battery technology upgrades and establishes key material recycling systems to ensure sustainable industry growth. In the United States, the Inflation Reduction Act and the federal government’s Net Zero Emissions by 2050 action plan provide substantial incentives and funding to accelerate EV adoption and battery production. In Europe, the European Green Deal and the European Climate Law set legally binding targets for carbon neutrality by 2050, driving significant demand for clean energy and battery technologies.

Competitive landscape of the global EV battery market

The competitive landscape of the global EV battery market has been relatively stable, with Chinese manufacturers steadily expanding their share market by leveraging strengths in technological innovation, production scale and supply chain efficiency. From 2022 to 2024, the market share of Chinese players in terms of global shipment volume of EV batteries rose from less than 50% to over 60%.

The multi-supplier strategy for EV batteries has become a widely adopted practice among vehicle manufacturers. As the technological gaps among leading players are narrowing, multiple suppliers allow vehicle manufacturers to maintain supply chain resilience in face of demand fluctuations.

INDUSTRY OVERVIEW

The global EV battery market demonstrates high concentration, with the top ten players accounting for approximately 90% of the market share in terms of both shipment volume and revenue in 2024. Sunwoda ranked as the tenth largest EV battery manufacturer globally in terms of both shipment volume and revenue, with a market share of respectively 2.1% and 2.1%. It was also the fastest-growing EV battery manufacturer from 2023 to 2024 among the top ten players. The table below presents the competitive landscape of the global EV battery market.

Competitive landscape of the global EV battery manufacturers, 2024

Rank	Company name	Region	Shipment volume, GWh, 2024	Market share in terms of shipment volume, %, 2024	2023-2024 YoY in terms of shipment volume	Market share in terms of revenue, %
1	Company F	China	381.0	38.0%	18.7%	37.9%
2	Company G	China	169.0	16.9%	28.0%	14.3%
3	Company H	South Korea	120.0	12.0%	<0%	14.4%
4	Company I	Japan	40.0	4.0%	<0%	4.2%
5	Company J	China	38.3	3.8%	47.8%	3.8%
6	Company K	South Korea	38.0	3.8%	<0%	4.6%
7	Company L	South Korea	31.0	3.1%	<0%	4.9%
8	Company M	China	30.3	3.0%	7.8%	2.9%
9	Company N	China	29.2	2.9%	16.7%	2.9%
10	Sunwoda	China	20.9	2.1%	83.3%	2.1%

Source: SNE Research, Annual reports of listed companies, Interviews with industry experts, CIC

Notes:

- (1) Company F is a lithium-ion battery manufacturer founded in China in 2011. It mainly provides EV batteries and energy storage systems. It is a dual-listed company on the Hong Kong Stock Exchange and the Shenzhen Stock Exchange.
- (2) Company G is a technology and manufacturing company founded in China in 1995. It mainly provides EVs and EV batteries. It is a dual-listed company on the Hong Kong Stock Exchange and the Shenzhen Stock Exchange.
- (3) Company H is a lithium-ion battery manufacturer founded in South Korea in 2020. It mainly provides consumer battery cells, EV batteries and ESS batteries. It is a dual-listed company on the Korea Exchange and the New York Stock Exchange.

INDUSTRY OVERVIEW

- (4) Company I is an electronic device manufacturer founded in Japan in 1918. It mainly provides consumer electronic devices, automotive solutions and industrial solutions, which includes EV batteries and ESS batteries. It is a listed company on the Tokyo Stock Exchange.
- (5) Company J is a lithium-ion battery manufacturer founded in China in 2006. It mainly provides EV batteries and ESS batteries. It is a listed company on the Shenzhen Stock Exchange.
- (6) Company K is a lithium-ion battery manufacturer founded in South Korea in 1970. It mainly provides consumer battery cells, EV batteries and ESS batteries. It is a listed company on the Korea Stock Exchange.
- (7) Company L is a lithium-ion battery manufacturer founded in South Korea in 2021. It mainly provides EV batteries and ESS batteries. It is an unlisted company.
- (8) Company M is a lithium-ion battery manufacturer founded in China in 2001. It mainly provides consumer battery cells, EV batteries and ESS batteries. It is a listed company on the Shenzhen Stock Exchange.
- (9) Company N is a lithium-ion battery manufacturer founded in China in 2007. It mainly provides EV batteries and ESS batteries. It is a listed company on the Hong Kong Stock Exchange.

The EREV battery sector is predominantly led by Chinese manufacturers, due to strong domestic demand for EREVs, the presence of a highly integrated battery supply chain, and supportive national policies promoting new energy vehicles. Sunwoda ranked as the second largest EREV battery manufacturer globally in terms of shipment volume in 2024, with a market share of 13.6%.

Competitive landscape of the global EREV battery market, in terms of shipment volume, 2024

Rank	Company name	Region	Shipment volume, GWh	Market share, %
1	Company F	China	26.7	52.0%
2	Sunwoda	China	7.0	13.6%
3	Company O	China	4.0	7.8%
4	Company N	China	2.3	4.5%
5	Company G	China	1.6	3.1%

Source: Interviews with industry experts, CIC

Note:

- (1) Company O is a lithium-ion battery manufacturer founded in China in 2018. It mainly provides EV batteries and ESS batteries. It is an unlisted company.

INDUSTRY OVERVIEW

In the HEV battery sector, Sunwoda ranked as the world’s second largest manufacturer in terms of shipment volume in 2024, as well as the largest Chinese player.

Competitive landscape of the global HEV battery market, in terms of shipment volume, 2024

Rank	Company name	Region	Shipment volume, GWh	Market share, %
1	Company K	South Korea	1.5	11.0%
2	Sunwoda	China	1.3	9.2%
3	Company H	South Korea	1.2	8.7%
4	Company F	China	1.1	8.3%
5	Company O	China	1.0	7.2%

Note: The HEV battery shipment volume shown above includes shipments for 48V mild hybrid vehicles. However, approximately 50% of HEV batteries are the traditional NiMH batteries, which are excluded in the competitive landscape above.

Source: Interviews with industry experts, CIC

OVERVIEW OF THE GLOBAL ESS BATTERY INDUSTRY

Overview of ESS batteries

Energy storage system, or ESS, addresses the fundamental challenge of matching new energy supply with demand, bridging the gap between when energy is generated and when it is needed. Technologies generally fall into pumped hydro, electrochemical, and other emerging energy storage solutions such as compressed air and flywheel. Among these, electrochemical energy storage is rapidly emerging as a frontrunner, thanks to its quick response and flexible deployment.

The global trend for carbon neutrality is accelerating the shift of electricity energy sources from fossil fuels to renewable energies such as wind and solar. However, the inherent volatility and intermittency of these renewable energies create significant mismatches between power generation and consumption, posing challenges to grid stability. This is where ESS becomes critical — it is the foundational support for integrating large-scale renewable energy and building robust, modern power systems.

Lithium-ion batteries, as the dominant force in electrochemical energy storage, are now widely used for grid peak shaving, frequency regulation, renewable energy pairing, and various commercial, industrial, and residential applications. As the technology matures and costs decline, lithium-ion energy storage is rapidly scaling up, playing an increasingly vital role in the global energy transition. Unless otherwise specified, ‘ESS battery’ in Industry Overview refers to lithium-ion ESS battery.

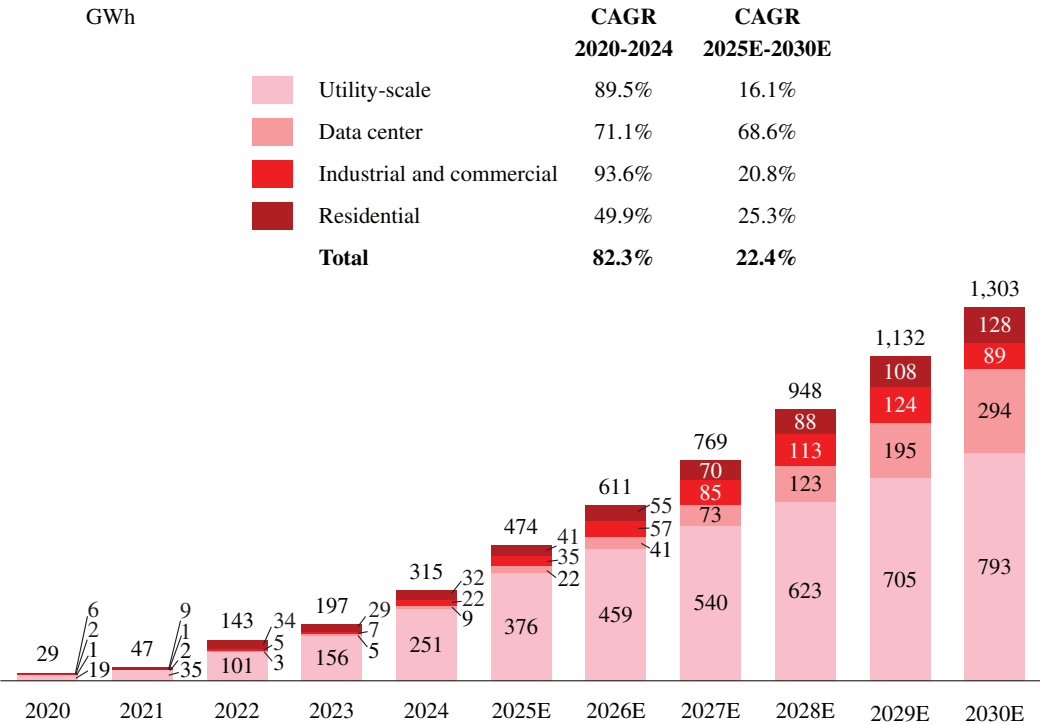
INDUSTRY OVERVIEW

The global ESS battery market size

The global shipment volume of ESS batteries surged from 29 GWh in 2020 to 315 GWh in 2024, at a CAGR of 82.3%, and is expected to reach 1,303 GWh by 2030, at a CAGR of 22.4% from 2025 to 2030. ESS batteries serve diverse applications, including utility-scale, data center, industrial and commercial, and residential sectors. Each scenario has distinct performance requirements for capacity, cycle life, energy density, and cost. For example, utility-scale solutions demand rapid response and large capacity, while industrial and commercial applications prioritize energy cost savings and load management.

Notably, the rise of AI and cloud computing is fueling a rapid increase in global data centers as well as the demand for ESS as a back-up power source, making data centers the fastest-growing sector. Shipments of ESS batteries for data centers soared from 1 GWh in 2020 to 9 GWh in 2024, representing a CAGR of 71.1%. This sector is expected to reach 294 GWh by 2030, growing at a CAGR of 68.6% from 2025 to 2030.

**Market size of global ESS battery industry,
in terms of shipment volume, by scenario, 2020-2030E**



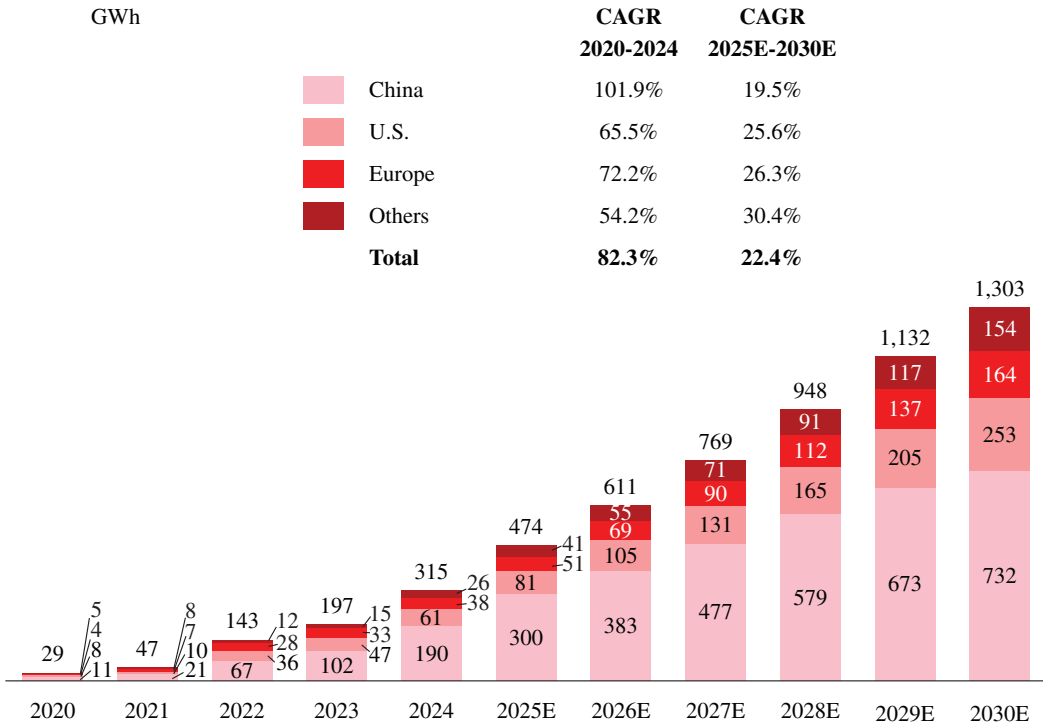
Source: BNEF, InfoLink, IEA, CIC

INDUSTRY OVERVIEW

China is the world’s largest market for ESS batteries. Driven by the large-scale development of wind and solar resources, and the advocate of the “new energy + energy storage” policy, the shipment volume of China’s ESS batteries reached 190 GWh in 2024, accounting for 60.3% of the global market, and is expected to further grow to 732 GWh in 2030, at a CAGR of 19.5% from 2025 to 2030.

Concurrently, overseas markets, particularly developed regions like Europe, the U.S., and Asia-Pacific, are rapidly increasing in demand for ESS batteries. The U.S. benefits from IRA tax credits and state-level incentives such as those in California, driving sustained deployment of ESS. In Europe, the dual imperatives of energy security and rising renewable penetration have led to mandatory energy storage policies across several countries, rapidly activating the market. Furthermore, emerging markets in Southeast Asia, Latin America and the Middle East are recognizing the strategic importance of ESS for grid resilience and energy independence, and are gradually transitioning from pilot programs to large-scale adoption.

**Market size of global ESS battery industry,
in terms of shipment volume, by region, 2020-2030E**



Source: BNEF, InfoLink, IEA, CIC

INDUSTRY OVERVIEW

Drivers of the global ESS battery market

Carbon neutrality mandate. The global push toward carbon neutrality has accelerated the transition to clean and low-carbon energy systems. Renewable energy sources such as wind and solar power have become the dominant contributors to new power capacity additions. However, their inherent intermittency and variability pose challenges to grid stability. Energy storage technologies, particularly lithium-ion batteries, have emerged as a critical solution due to their fast response, high energy efficiency, and adaptability across diverse applications, therefore experiencing unprecedented growth opportunities.

Advancements in battery technology. Continuous innovations in materials, electrolyte systems and cell structures have significantly improved the energy density, cycle life, and safety of ESS batteries. Meanwhile, economies of scale and optimized manufacturing processes have driven down costs and enhanced the affordability of large-scale ESS.

Rising demand from data centers. The rapid evolution of large-scale AI models and cloud computing has escalated power demand in data centers, necessitating higher grid stability and uninterrupted power supply. Lithium-ion batteries, with their rapid response and flexible deployment capabilities, are increasingly adopted for backup power, peak shaving, and energy efficiency management. A number of countries and regions now mandate ESS integration in data centers, positioning them as an emerging market for ESS batteries.

Rapid growth of distributed energy systems. Distributed ESS is playing an increasingly vital role in enabling local energy independence and grid adaptability. As it continues to scale, ESS batteries are seeing broader adoption across commercial, residential, and microgrid scenarios, which enables self-consumption optimization, time-of-use arbitrage, and cost savings, accelerating the shift toward smarter and more efficient energy utilization.

Competitive landscape of the global ESS battery market

The global ESS battery market is concentrated, with the top ten players accounting for over 90% of the market in terms of shipment volume in 2024. Sunwoda ranked as the tenth largest ESS battery manufacturer globally in terms of shipment volume in 2024, with a market share of 1.4%. Notably, Sunwoda exhibited the fastest growth in terms of shipment volume from 2023 to 2024 among the top ten players.

INDUSTRY OVERVIEW

Competitive landscape of the global ESS battery manufacturers, in terms of shipment volume, 2024

Rank	Company Name	Region	Shipment volume, GWh, 2024	Market share, %, 2024	2023-2024 YoY
1	Company F	China	93.0	29.6%	34.8%
2	Company M	China	50.4	16.0%	91.6%
3	Company P	China	33.6	10.7%	88.8%
4	Company G	China	31.5	10.0%	10.9%
5	Company Q	China	29.7	9.4%	170.1%
6	Company N	China	18.2	5.8%	127.8%
7	Company N	China	18.0	5.7%	81.8%
8	Company K	South Korea	10.0	3.2%	11.1%
9	Company H	South Korea	8.0	2.5%	<5%
10	The Company	China	4.4	1.4%	1,664.0%

Source: SNE Research, CIC

Notes:

1. Company P is a lithium-ion energy storage solutions provider founded in China in 2019. It focuses exclusively on battery and system solutions for full-scenario energy storage. It is an unlisted company.
2. Company Q is a lithium-ion battery manufacturer established in China in 2017. It mainly provides EV batteries and ESS batteries. It is a listed company on the Hong Kong Stock Exchange.

ENTRY BARRIERS OF THE LITHIUM-ION BATTERY MARKET

Technological capabilities. Leading lithium-ion battery manufacturers possess comprehensive advantages across the entire technology and production chain, which include deep expertise in electrochemical systems, proprietary material formulations, advanced cell and pack design capabilities, and highly optimized process engineering. They also benefit from years of real-world data accumulation and iterative refinement, enabling superior product consistency, safety performance, and cost control at scale. New entrants face steep challenges in bridging technological gaps, building vertically integrated capabilities, and validating product reliability under mass-production conditions.

Customer coverage and knowhow. The lithium-ion battery market serves a wide range of customers, including sectors such as consumer electronics, NEVs, and ESS. Each of these sectors has unique requirements in terms of battery performance, lifespan, and cost. Establishing strong, long-term relationships with customers is crucial, as EV battery and ESS battery suppliers must undergo extensive validation cycles to meet the high standards of automakers and energy companies. The ability to cater to a wide range of customers not only increases market reach but also fosters stability by diversifying revenue streams.

INDUSTRY OVERVIEW

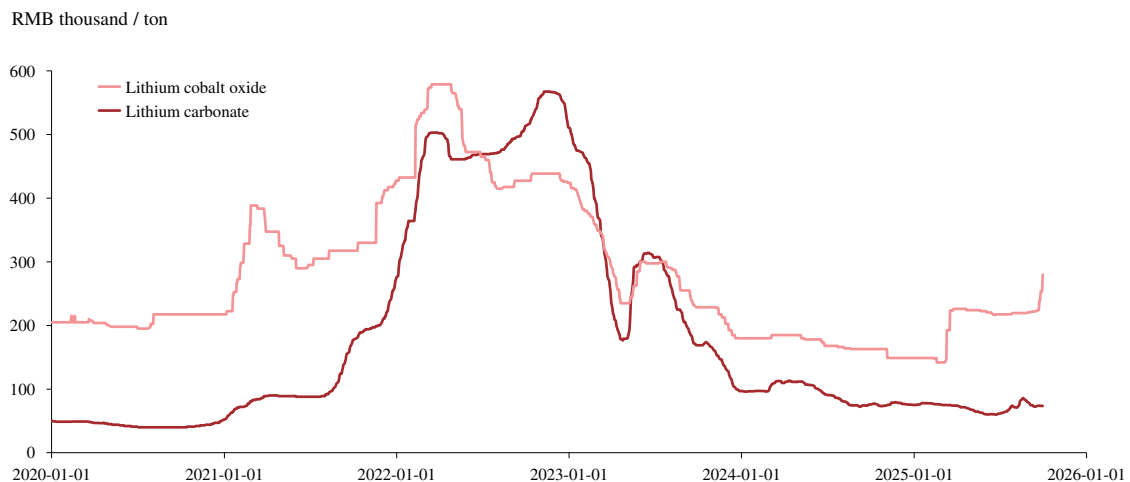
Localized Delivery Capabilities. With the rising global demand for lithium-ion batteries across different sectors, battery manufacturers must build robust, localized production and supply chain networks. Localized production and supply chain networks allow battery producers to quickly respond to regional market needs and regulatory requirements, ensuring timely delivery of high-quality products.

COST ANALYSIS OF LITHIUM-ION BATTERIES

Cathode is the major cost component of lithium-ion batteries, accounting for approximately 50% of the total material cost. The price of cathode materials for lithium-ion batteries is most significantly influenced by the price of raw materials such as lithium cobalt oxide and lithium carbonate, which reflects the supply-demand dynamics.

According to CIC, the industry average price of lithium cobalt oxide increased from approximately RMB310 thousand/ton in the first half of 2021 to approximately RMB510 thousand/ton in the first half of 2022, followed by a gradual decline and decreased to RMB190 thousand/ton in the first half of 2025, before recovering to around RMB250 thousand/ton in the third quarter of 2025. The average price of lithium carbonate increased from approximately RMB40 thousand/ton in the second half of 2020 to approximately RMB160 thousand/ton in the second half of 2021, and further increased to approximately RMB520 thousand/ton in the second half of 2022, after which the price of lithium carbonate gradually declined and decreased to approximately RMB70 thousand/ton in the third quarter of 2025.

Global average price for lithium cobalt oxide and lithium carbonate, 2020-2025Q3



Source: CIC

INDUSTRY OVERVIEW

SOURCE OF THE INDUSTRY INFORMATION

China Insights Consultancy was commissioned to conduct research, provide an analysis of, and to produce a report on global and china’s lithium-ion battery market, and other related economic data, at a fee of RMB600,000. The commissioned report has been prepared by China Insights Consultancy independent of the influence of The Company and other interested parties.

China Insights Consultancy undertook both primary and secondary research using a variety of resources. Primary research involved interviewing key industry experts and leading industry participants. Secondary research involved analyzing data from various publicly available data sources, including the National Bureau of Statistics of China, Chinese Government releases, annual reports published by relevant industry participants, industry associations, China Insights Consultancy’s own internal database, etc.

The market projections in the commissioned report are based on the following key assumptions: (i) the overall global social, economic, and political environment is expected to maintain a stable trend during the forecast period; (ii) certain key industry drivers, including the development of global and China’s consumer electronics, NEV and ESS markets, increasing demand for lithium-ion battery, and the development of technology, among others, are likely to continue to drive market growth during the forecast period; and (iii) there is no extreme force majeure or unforeseen industry regulations in which the market may be affected either dramatically or fundamentally during the forecast period. Our Directors confirm that, after making reasonable enquiries, there is no material adverse change in the market information since the date of the CIC Report which may qualify, contradict or have an impact on the information in this section.

REGULATORY OVERVIEW

PRC REGULATORY OVERVIEW

Industrial Policies and Regulatory Provisions

According to the Outline of the 14th Five-Year Plan (2021-2025) for National Economic and Social Development and the Long-Range Objectives Through the Year 2035 of the PRC (《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》) promulgated by the National People’s Congress (the “NPC”) on March 11, 2021 and came into effect on the same day, China will focus on new energy, new energy vehicles, environmental protection and other emerging industries of strategic importance, and accelerate the innovation and application of core technologies in key fields to enhance the country’s capacity of ensuring the supply of productive factors and foster new drivers for industrial development thereafter.

According to Working Guidance for Carbon Dioxide Peaking and Carbon Neutrality in Full and Faithful Implementation of the New Development Philosophy (《關於完整準確全面貫徹新發展理念做好碳達峰碳中和工作的意見》), which was promulgated by the Central Committee of the Communist Party of China and the State Council on September 22, 2021 and came into effect on the same day, China will accelerate the development of strategic emerging industries in areas such as new energy, new materials, new energy vehicles, and environmental protection. It will carry out initiatives to substitute renewable energy for fossil fuels, vigorously develop wind, solar, biomass, marine and geothermal energy among others, and continuously increase the proportion of non-fossil in total energy consumption. Faster moves must be made to scale up the use of pumped storage hydro power and other new forms of energy storage, accelerate the development of new energy and clean energy vehicles and ships, promote intelligent transportation and accelerate the construction of a convenient, efficient network of battery charging and swapping facilities.

According to the Action Plan for Carbon Dioxide Peaking Before 2030 (《2030年前碳達峰行動方案》) promulgated by the State Council on October 24, 2021 and came into effect on the same day, it is proposed to actively develop the “new energy + energy storage” model, promote coordination of power source-grid-load-storage, use multiple energy sources to supplement each other, and support the deployment of appropriate ESS for distributed new energy sources. It also proposed to speed up the demonstration and application of new types of energy storage.

According to the Implementation Plan on Accelerating the Comprehensive Utilization of Industrial Resources (《關於加快推動工業資源綜合利用的實施方案》) promulgated by eight departments including the Ministry of Finance (the “MOF”), the National Development and Reform Commission (the “NDRC”), the MIIT on January 27, 2022, which took effect on the same day, the management system will be improved so as to strengthen the traceability management of full life cycle of EV batteries for new energy vehicles, while promoting cooperation between upstream and downstream enterprises in the industrial chain to jointly build recycling channels, creating a cross-regional recycling and utilization system, and advancing the safe echelon utilization of waste EV batteries in fields such as backup power and charging and swapping.

REGULATORY OVERVIEW

According to the 14th Five-Year Plan for Modern Energy System (《“十四五”現代能源體系規劃》) jointly promulgated by the NDRC and the National Energy Administration (the “NEA”) on January 29, 2022 and came into effect on the same day, China will establish and improve the construction standards for electrochemical energy storage and hydrogen energy and accelerate the large-scale application of new energy storage technologies. It will vigorously promote the development of energy storage on the power supply side, ensure reasonable configuration of storage capacity, improve the output characteristics of new energy stations, support the distributed ESS for rational allocation of new energy sources, and optimize the layout of grid-side energy storage, in an effort to leverage its multiple roles in integrating new energy, peak shaving and valley filling, enhancing grid stability and emergency power supply. It will also support the diversified development of user side energy storage, improve power supply reliability for users and encourage the participation of user side energy storage such as electric vehicles and uninterruptible power supplies in peak shaving and frequency regulation. It will conduct focused research and development on key technologies for new energy storage to accelerate the core technology autonomy and promote continuous cost reductions and large-scale applications of energy storage technologies, thereby perfecting technical standards and management systems for energy storage and enhancing the level of safe operation.

According to the 14th Five-Year New Energy Storage Development Plan (《“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 and came into effect on the same day, by 2030, new energy storage will be developed on a fully market-oriented basis and will be deeply integrated with various segments of the power system, basically meeting the requirements for building a new type of power system and fully supporting the achievement of carbon peak goals in the energy sector as planned.

According to the 14th Five-Year Renewable Energy Development Plan (《“十四五”可再生能源發展規劃》) jointly promulgated by nine departments including the NDRC and the NEA on June 1, 2022 and came into effect on the same day, China will redouble efforts to make breakthroughs in frontier and core technologies and equipment for renewable energy, develop high-energy-density energy storage technologies such as sodium-ion batteries, liquid metal batteries, solid lithium-ion batteries, metal-air batteries and lithium-sulfur batteries, establish the independent market status of new energy storage and improve the trading mechanisms and technical standards for energy storage to participate in various power markets, thereby leveraging the multiple functions of energy storage in peak shaving and frequency regulation, emergency backup and capacity support, among others, as well as promoting the multi-scene application of energy storage on the power supply side, power grid side and user side.

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 was promulgated by six departments including the MIIT and the NEA on January 3, 2023 and came into effect on the same day, China will strengthen technical research on the industrialization of new ESS batteries, promote the large-scale application of advanced energy storage technologies and products, research and make breakthroughs in key technologies such as battery systems with ultra-long life cycle and high safety, efficient energy storage with large scale and capacity, and

REGULATORY OVERVIEW

vehicle mobile energy storage, accelerate the research and development of solid-state batteries, sodium-ion batteries, hydrogen energy storage/fuel cells and other new types of batteries. It will also improve the ability to guarantee key resources such as lithium, nickel, cobalt and platinum, strengthen the development and application of alternative materials, promote hybrid ESS based on complementary power and energy-based electrochemical energy storage technologies, support the establishment of a full-life cycle traceability management platform for lithium batteries, conduct research on the accounting standards and methods for carbon footprint of batteries, and explore the establishment of a carbon emission management system for battery products.

According to the Implementation Opinions on Strengthening the Integration and Interaction between New Energy Vehicles and the Power Grid (《關於加強新能源汽車與電網融合互動的實施意見》), which was promulgated by four departments including the NDRC, the NEA and the MIIT on December 13, 2023 and came into effect on the same day, it will step up efforts in tackling key technical problems of EV batteries. On the basis of no significant increase in cost, it will increase the life cycle of EV batteries to 3,000 times or more, and develop battery safety control technologies under the condition of high-frequency charging and discharging.

According to the Guiding Catalog for Industrial Restructuring (2024 Edition) (《產業結構調整指導目錄(2024年本)》), which was last amended by the NDRC on December 27, 2023 and came into effect on February 1, 2024, new lithium primary batteries (lithium iron disulfide and lithium thionyl chloride, among others); lithium-ion batteries, semi and solid-state lithium-ion batteries, fuel cells, sodium-ion batteries, flow batteries, new-structure (bipolar, lead mesh horizontal, coiled, tubular, and other) sealed lead-acid batteries, lead-carbon batteries, next-generation hydrogen fuel cells, electrochemical energy storage and other new batteries and new-type power system technologies fall into the state-encouraged industries.

According to the Implementation Plan for the Building of the Carbon Footprint Management System (《關於建立碳足跡管理體系的實施方案》), which was promulgated by 15 departments including the Ministry of Ecology and Environment of PRC, the NDRC and the MIIT on May 22, 2024 and came into effect on the same day, it will focus on key products such as power generation, lithium-ion batteries, new energy vehicles, photovoltaics, and electronics and electrical appliances to formulate and publish accounting rules and standards. It will strive to promote the formulation of international carbon footprint standards for product in the fields of lithium-ion batteries, photovoltaics, new energy vehicles, and electronic and electrical appliances.

According to the Opinions on Accelerating Comprehensive Transition Towards Green Economic and Social Development (《中共中央國務院關於加快經濟社會發展全面綠色轉型的意見》) jointly promulgated by the Central Committee of the Communist Party of China and the State Council on July 31, 2024 and came into effect on the same day, China will boost the development of non-fossil energy and the proportion of non-fossil energy in energy consumption will rise to about 25% by 2030. The use of low-carbon transportation vehicles is encouraged. Great efforts will be made to promote new energy vehicles, driving the

REGULATORY OVERVIEW

electrification of urban public service vehicles. It will promote the use of clean power in ships, aircraft, and non-road mobile machinery, accelerate the phase-out of outdated transportation vehicles, advance zero-emission freight transport, strengthen the research, development and application of sustainable aviation fuels and encourage the research, production and application of net-zero emission marine fuels. By 2030, carbon emission intensity of commercial vehicles measured on the basis of converted turnover will be cut by about 9.5% compared with 2020. By 2035, new energy vehicles will become the mainstream in the sales of new vehicles.

Laws and Regulations on Production Safety, Environmental Protection and Energy Conservation Review

Production Safety

According to the Production Safety Law of the PRC (《中華人民共和國安全生產法》) or the Production Safety Law, which was last amended by the Standing Committee of the National People’s Congress (the “SCNPC”) on June 10, 2021 and came into effect on September 1, 2021, entities engaged in production and business activities within the PRC shall comply with the Production Safety Law and other laws and regulations related to production safety and strengthen production safety management. Entities shall establish and improve a production safety responsibility system and production safety rules, improve production safety conditions, strengthen the standardization of production safety, raise production safety levels, and ensure production safety. The person in charge of a production and operation entity shall be fully responsible for the production safety of the entity. Violation of the Production Safety Law may result in imposition of fines and penalties, suspension of operation, an order to cease operation, depending on the circumstances of the violation, and criminal liability will be pursued if the violation constitutes a crime.

Environmental Protection

According to the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) or the Environmental Protection Law, which was last amended by the SCNPC 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. The State implements a pollutant discharge permit management system in accordance with the law.

According to the Environmental Impact Assessment Law of the PRC (《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 Regulation on the Administration of Environmental Protection of Construction Projects (《建設項目環境保護管理條例》), which was amended by the State Council on July 16, 2017 and came into effect on October 1, 2017, and the Interim Measures for Environmental Protection Acceptance Inspection Upon Completion of Construction

REGULATORY OVERVIEW

Projects (《建設項目竣工環境保護驗收暫行辦法》), which was promulgated by the former Ministry of Environmental Protection on November 20, 2017 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 competent 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 inspection on the supporting environmental protection facilities and prepare an acceptance report. For construction projects that are constructed in phases or put into production or use 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 inspection shall not be put into production or use.

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》) (the “**Law of Solid Wastes**”), which was last amended by the SCNPC on April 29, 2020 and came into effect on September 1, 2020, any entity or individual that generates, collects, stores, transports, utilizes or disposes of solid waste shall take measures to prevent or reduce the pollution of solid waste to the environment, and shall be responsible for the environmental pollution caused in accordance with the law. Where hazardous waste exists in solid waste, it shall be managed as hazardous waste. In addition, the Law of Solid Wastes also, for the first time, incorporated into the law the establishment of an extended producer responsibility system for products such as vehicle EV batteries, the extended producer responsibility system stipulates that producers of EV battery products for vehicles should establish a recycling system for used products that matches the sales volume of their products in accordance with the regulations, either by building it themselves or engaging a contractor, making important arrangements for the establishment of a recycling and disposal system for waste vehicle EV batteries from the top-level design.

Regarding the “Extended Producer Responsibility” system under the Law of Solid Wastes, the Interim Measures for the Management of the Recycling and Utilization of New Energy Vehicle Batteries (《新能源汽車動力蓄電池回收利用管理暫行辦法》), jointly promulgated by eight departments including the MIIT, the Ministry of Science and Technology and the Ministry of Transport on January 26, 2018 and came into effect on August 1, 2018, stipulates that automotive OEMs shall assume the primary responsibility for the battery recycling. EV batteries manufacturers are required to fulfill corresponding responsibilities in design, production, and other stages. For example, in the design stage, they should adopt standardized, universal, and easily disassembled product structural designs and use recycled

REGULATORY OVERVIEW

materials as much as possible; in the production stage, they should collaborate with automotive OEMs to assign codes to EV batteries they produce in accordance with national standards and promptly upload EV battery codes and new energy vehicle-related information through the traceability information system.

On December 16, 2024, the MIIT released the Standard Conditions for the Comprehensive Utilization of Waste Power Batteries from New Energy Vehicles (2024 Version). This updated policy refines the technical indicator system to guide enterprises toward greater technological innovation and improved processes. It also adds new standards for the dismantling and coding of waste power batteries, and regulates the entire process of comprehensive utilization for new energy vehicles. Furthermore, the policy introduces new requirements for lithium-ion batteries of electric bicycles, and strengthens product quality management and criteria for site selection of enterprises.

On February 6, 2024, the General Office of the State Council issued the Opinions on Accelerating the Development of a Waste Recycling System. These opinions emphasize the importance of resource regeneration and recycling, advocate for the implementation of waste sorting and resource recovery, the expanded use of domestic solid waste, and the acceleration of the construction of a waste recycling system.

According to the Law of the PRC on the Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》), which was last amended by the SCNPC on June 27, 2017 and came into effect on January 1, 2018, the enterprises, institutions and other production and operation units directly or indirectly discharging industrial waste water and medical sewage to water bodies, and the enterprises, institutions and other production and operation units required to obtain pollutant discharging permit before discharging waste water and sewage must obtain the pollutant discharging permit. Furthermore, environmental impact assessment must be carried out in accordance with the law for newly-formed projects and reconstruction, or extensions projects that directly or indirectly discharge pollutants to water bodies and other installations on water. Water pollution prevention and control facilities should be designed, constructed and put into use at the same time as the main construction of the projects.

According to the Law of the PRC on the Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》), which was last amended by the SCNPC on October 26, 2018 and took effect on the same day, enterprises, institutions and other production and operation units shall, in accordance with the relevant national regulations and monitoring standards, monitor their emissions of industrial waste gases or toxic and hazardous air pollutants listed in the catalog published according to article 78 of the Law of the PRC on the Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》), and keep the original monitoring records. Enterprises and institutions that emit industrial waste gas or toxic and hazardous air pollutants listed in the above-mentioned catalog, as well as other units that subject to the administration of pollution discharge permits in accordance with the law, shall obtain a pollutant discharging permit. In addition, enterprises, institutions and other production and operation units constructing projects that have an impact on the atmospheric environment shall carry out environmental impact assessment and make environmental impact

REGULATORY OVERVIEW

assessment documents public in accordance with the law; the units that emit pollutants into the atmosphere must comply with the discharging standard for atmospheric pollutants as well as the requirements on control of the total discharging amount of key atmospheric pollutants.

According to the Regulations on the Administration of Pollution Discharge Permits (《排污許可管理條例》) promulgated by the State Council on January 24, 2021 and took effect on March 1, 2021, enterprises, institutions and other production and operation units subject to the administration of pollution discharge permits shall discharge pollutants in accordance with the Regulations on the Administration of Pollution Discharge Permits (《排污許可管理條例》), and shall not discharge pollutants without obtaining a pollutant discharging permit. Environmental protection authorities impose various administrative penalties, such as fines, order to correct, restriction or suspension of production for rectification, and order to cease operation, etc., on individuals or enterprises that violate the Environmental Protection Law.

Fire Safety

According to the Fire Protection Law of the PRC (《中華人民共和國消防法》), which was last amended by the SCNPC on April 29, 2021 and took effect on the same day, the emergency management department under the State Council and the emergency management department under the local people’s governments at or above the county level shall supervise and manage fire protection work. Fire prevention design and construction must comply with national technical standards for fire protection in construction projects.

According to the Interim Provisions on the Administration of Fire Protection Design Review and Acceptance of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》) which was last amended by the Ministry of Housing and Urban-Rural Development of PRC on August 21, 2023 and officially came into effect on October 30, 2023, fire prevention design review and acceptance should be carried out for special construction projects. With respect to the construction projects other than special construction projects, the fire protection acceptance of construction projects shall be filed with the competent authorities.

Energy Conservation Review

According to the Energy Conservation Law of the PRC (《中華人民共和國節約能源法》), which was last amended by the SCNPC on October 26, 2018 and came into effect on the same day, the State shall implement an energy conservation assessment and audit system for fixed asset investment projects. For projects which do not meet the compulsory energy conservation standards, the developer shall not commence construction; where the construction is completed, the project shall not be put into production or use. For government investment projects which do not meet the compulsory energy conservation standards, the agency in charge of examination and approval pursuant to the law shall not grant approval for construction. Detailed measures shall be formulated by the department regulating energy conservation under the State Council jointly with other relevant State Council departments.

REGULATORY OVERVIEW

According to the Measures for the Energy Conservation Review of Fixed Asset Investment Projects (《固定資產投資項目節能審查辦法》) revised by the NDRC on March 28, 2023 and came into effect on June 1, 2023, the review opinions on energy conservation of a fixed asset investment project are an important basis for the commencement of construction, acceptance upon completion as well as operation and management of such project. For a government-invested project, the project owner shall obtain the review opinions on energy conservation issued by the energy conservation review authority prior to submitting its feasibility study report for the project. For an enterprise-invested project, the project owner shall obtain the review opinions on energy conservation issued by the energy conservation review authority prior to the commencement of construction. For a project which has not undergone the energy conservation review or fails to pass the energy conservation review, the project owner shall not commence construction, or the project shall not be put into production or use if it is already completed.

Laws and Regulations on Product Quality

Pursuant to the Product Quality Law of the PRC (《中華人民共和國產品質量法》), which was last amended by the SCNPC on December 29, 2018 and came into effect on the same day, 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, if any, may also be confiscated, and in severe cases, an offender’s business license may be revoked.

Laws and Regulations on Import and Export of Goods

According to the Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》), or the Foreign Trade Law, promulgated by the SCNPC on May 12, 1994 and amended on December 30, 2022, since December 30, 2022, no registration of foreign trade operators is required. Before December 30, 2022, a foreign trade operator who is engaged in the import and export of goods or technologies shall process the filing and registration with the foreign trade authority under the State Council or its entrusted agencies, unless otherwise provided by the laws, administrative regulations and requirements of the foreign trade authority under the State Council. Where a foreign trade operator fails to do so, Customs shall not handle the formalities for declaration and clearance of the goods imported or exported by the operator.

REGULATORY OVERVIEW

According to the Customs Law of the PRC (《中華人民共和國海關法》) last amended by the SCNPC on April 29, 2021 and came into effect on the same day, the Customs is a governmental organization responsible for supervision and control over all arrivals in and departures from the customs territory, who is authorized to supervise 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 combats smuggling, compiles customs statistics and handles other customs operations in accordance with the relevant laws and administrative regulations. Customs declaration entities refer to the consignees and consignors of imported or exported goods and customs declaration enterprises recorded with the Customs. The consignee or the consignor of imported or exported goods may complete the declaration formalities either by themselves or engaging an agent.

According to the Law of the PRC on Import and Export Commodity Inspection (《中華人民共和國進出口商品檢驗法》) last amended by the SCNPC on April 29, 2021 and came into effect on the same day, and the Regulations for the Implementation of the Law of the PRC on Import and Export Commodity Inspection (《中華人民共和國進出口商品檢驗法實施條例》) last amended by the State Council on March 29, 2022 and came into effect on May 1, 2022, the General Administration of Customs of PRC (“the General Administration of Customs”) is responsible for inspection of imported and exported commodities nationwide, and its subordinate entry-exit inspection and quarantine authorities shall conduct inspection on the imported and exported commodities listed in the catalog and other imported and exported commodities that shall be subject to the inspection by the entry-exit inspection and quarantine authorities as prescribed by laws and administrative regulations. For the imported and exported commodities other than those that are subject to inspection as mentioned above, the entry-exit inspection and quarantine authorities may conduct random inspection in accordance with state regulations. No import commodity subject to statutory inspection that has not been inspected could be sold or used. No export commodity subject to statutory inspection that has not been inspected or fails to pass the inspection could be exported. Consignees or consignors of the import and export commodities may complete the inspection procedures themselves, or engage an agent to do this.

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 General Administration of Customs on November 19, 2021 and came into effect on January 1, 2022, customs declaration entities refer to 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 and 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 on Matters Concerning the Recordation of the Consignees and Consignors of Imported and Exported Goods (《關於進出口貨物收發貨人備案有關事宜的通知》) issued by the Department of Enterprise Management and Audit-Based Control of the General Administration of Customs on January 3, 2023 and came into effect on the same day, a consignee or consignor of imported or exported goods who applies for filing shall be qualified as a market entity and is not required to be filed as a foreign trade business operator.

REGULATORY OVERVIEW

Laws and Regulations on Labor, Social Insurance and Housing Provident Fund

Labor Law and Labor Contracts Law

According to the Labor Law of the PRC (《中華人民共和國勞動法》) last amended by the SCNPC on December 29, 2018 and came into effect on the same day, the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) last amended by the SCNPC on December 28, 2012 and came into effect on July 1, 2013, and the Implementing Regulations of the Labor Contract 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 contracts must be executed in writing if labor relationships are to be established between employers and employees. 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.

Social Insurance and Housing Provident Fund

According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) last amended by the SCNPC on December 29, 2018 and came into effect on the same day, the Regulation on the Administration of Housing Provident Fund (《住房公積金管理條例》) last amended by the State Council on March 24, 2019 and came into effect on the same day and other relevant laws and regulations, employers in China are required to provide employees with welfare schemes covering basic pension insurance, basic medical insurance, unemployment insurance, maternity insurance, work-related injury insurance and housing provident fund.

In addition, any employer that fails to make contributions to above-mentioned social insurance and housing provident fund as required may be ordered to pay the required contributions within a prescribed time limit. If the employer still fails to make the relevant contributions within the prescribed time, a fine may be imposed, and for the overdue contribution, the people's court may enforce collection.

Laws and Regulations on Intellectual Property

Patent

According to the Patent Law of the PRC (《中華人民共和國專利法》) last amended by the SCNPC 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》) last amended by the State Council on December 11, 2023 and came into effect on January 20, 2024, patents are divided into 3 categories, i.e. invention patents, utility model patents and design patents. 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 date of application.

REGULATORY OVERVIEW

Trademark

According to the Trademark Law of the PRC (《中華人民共和國商標法》) last amended by the SCNPC on April 23, 2019 and came into effect on November 1, 2019, and the Implementation Regulations of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) last amended by the State Council on April 29, 2014 and came into effect on May 1, 2014, the trademarks registered with the Trademark Office of China National Intellectual Property Administration are registered trademarks, including commodity trademarks, service trademarks, collective marks and certificate marks. 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. Each renewal of registration of a trademark shall be valid for ten years from the date after the expiry of the previous trademark registration.

Copyright

According to the Copyright Law of the PRC (《中華人民共和國著作權法》) last amended by the SCNPC on November 11, 2020 and came into effect on June 1, 2021, 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 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 Measures for the Computer Software Copyright Registration (《計算機軟件著作權登記辦法》) promulgated by the National Copyright Administration on February 20, 2002, and the Regulations on the Computer Software Protection (《計算機軟件保護條例》) amended by the State Council on January 30, 2013 and came into effect on March 1, 2013, the National Copyright Administration shall be the competent governmental authority for the nationwide administration of software copyright registration and the China Copyright Protection Center is designated as the software registration authority which shall grant registration certificates to the computer software copyrights applicants according to the Measures for the Computer Software Copyright Registration and the Regulations on the Computer Software Protection.

Domain Names

According to the Administrative Measures on the Internet Domain Names (《互聯網域名管理辦法》) issued by the MIIT on August 24, 2017 and came into effect on November 1, 2017, domain names registrations are handled through domain name service agencies established according to the relevant regulations, and the applicants become domain name holders upon successful registration.

REGULATORY OVERVIEW

Laws and Regulations on Taxes

EIT

The Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (the “EIT Law”), and its implementation rules are the principal laws and regulations governing the EIT in the mainland China. According to the EIT Law and its implementation rules, enterprises are divided into resident enterprises and non-resident enterprises. A resident enterprise refers to an enterprise that is established in the mainland China in accordance with the law, or that is established in accordance with the law of a foreign country (region) but whose actual administration institution is in the mainland China. A non-resident enterprise refers to an enterprise established in accordance with the law of a foreign country (region) and whose actual administration institution is outside the mainland China, but it has institutions or establishments in the mainland China or, if not, it has incomes originating from the mainland China. A uniform income tax rate of 25% applies to all resident enterprises and non-resident enterprises that have set up institutions or establishments in the mainland China to the extent that such incomes are derived from the mainland China, or such incomes are obtained outside the mainland China but have an actual connection with the set-up institutions or establishments, high-tech enterprises in need of support from the State shall be subject to a reduced enterprise income tax rate of 15%. Non-resident enterprises that have not set up institutions or establishments in the mainland China or have set up institutions or establishments but the income obtained by the said enterprises have no actual connection with the set-up institutions or establishments, shall pay enterprise income tax at the rate of 10% in relation to their income sourcing from the mainland China.

VAT

Pursuant to the Interim Regulations of the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例》), which was last amended by the State Council on November 19, 2017 and came into effect on the same day, and the Detailed Rules for the Implementation of the Interim Regulations of the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例實施細則》), which was last amended by the MOF on October 28, 2011 and came into effect on November 1, 2011, all entities and individuals engaged in sale of goods or provision of processing, repair and maintenance services or importation of goods in mainland China are subject to VAT. Unless otherwise specified in the above-mentioned regulations, the VAT rate is generally 17% in respect of the sale or importation of goods by taxpayers.

Pursuant to the Notice on the Adjustment to VAT Rates (《關於調整增值稅稅率的通知》) (Cai Shui [2018] No. 32), promulgated by the MOF and the State Taxation Administration (the “STA”) on April 4, 2018, and came into effect on May 1, 2018, the VAT rates of 17% and 11% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 16% and 10%, respectively.

REGULATORY OVERVIEW

Pursuant to the Announcement on Relevant Policies for Deepening VAT Reform (《關於深化增值稅改革有關政策的公告》) (Announcement [2019] No. 39 of MOF, SAT and General Administration of Customs), promulgated by the MOF, the SAT and the General Administration of Customs on March 20, 2019 and came into effect on April 1, 2019, the VAT rates of 16% and 10% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 13% and 9%, respectively.

Laws and Regulations on Foreign Investment, Overseas Investment and Foreign Exchange Supervision

Company Law

The Company Law of the PRC (《中華人民共和國公司法》) (the “Company Law”), last amended by the SCNPC on December 29, 2023 and came into effect on July 1, 2024, provides that companies established in China may take the form of limited liability company or joint stock company with limited liability. Each company has the status of a legal person and owns the assets itself. The Company Law also applies to foreign-invested companies.

Foreign Investment

According to the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) promulgated by the NPC on March 15, 2019 and the Implementing Regulations of the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》) promulgated by the State Council on December 26, 2019, both of which came into effect on January 1, 2020, the State shall implement the management systems of pre-establishment national treatment and negative list for foreign investment. Foreign investors shall not invest in any field forbidden by the negative list for access of foreign investment; for any field restricted by the negative list, foreign investors shall conform to the investment conditions as required; and foreign investment in fields not included in the negative list shall be managed under the principle that domestic investment and foreign investment shall be treated uniformly. Meanwhile, the competent government departments shall, according to the requirements of national economy and social development, formulate a catalog of industries encouraging foreign investment, stipulating the specific industries, fields and areas in which foreign investors are encouraged and guided to invest.

The current industry entry clearance requirements governing investment activities in the PRC conducted by foreign investors are set out in two catalogues, namely the Special Management Measures for the Entry of Foreign Investment (Negative List) (2024 Version) (《外商投資准入特別管理措施(負面清單)(2024年版)》), which was jointly promulgated by the NDRC and the MOFCOM on September 6, 2024 and came into effect on November 1, 2024, and the Encouraged Industry Catalog for Foreign Investment (2022 Version) (《鼓勵外商投資產業目錄(2022年版)》), which was jointly promulgated by the NDRC and the MOFCOM on October 26, 2022 and came into effect on January 1, 2023. These two catalogues further classified businesses into three categories with regard to foreign investment: “encouraged,” “restricted” and “prohibited.” Industries not listed in these three categories are

REGULATORY OVERVIEW

generally deemed as falling into the fourth category, that is “permitted” for foreign investment unless specifically restricted by other PRC laws and regulations. Pursuant to the Encouraged Industry Catalog for Foreign Investment (2022 Version) (《鼓勵外商投資產業目錄(2022年版)》), the manufacturing of EV batteries, new ESS equipment and recycling of batteries involved in our operation fall within the scope of encouraged industries for foreign investment.

Overseas Investment

Pursuant to the Administrative Measures for Outbound Investment (《境外投資管理辦法》) promulgated by the MOFCOM on September 6, 2014 and implemented on October 6, 2014, the MOFCOM and provincial competent commerce authorities shall carry out administration either by record-filing or approval, depending on different circumstances of outbound investment by enterprises. Outbound investment by enterprises that involves sensitive countries and regions or sensitive industries shall be subject to administration by approval. Outbound investment by enterprises that falls in any other circumstances shall be subject to administration by record-filing.

Pursuant to the Administrative Measures for Outbound Investment of Enterprises (《企業境外投資管理辦法》) promulgated by the NDRC on December 26, 2017 and implemented on March 1, 2018, a domestic enterprise (the “investor”), making an outbound investment shall obtain approval or conduct record-filing for outbound investment projects (the “projects”), report relevant information, and cooperate with the supervision and inspection. Sensitive projects carried out by Investors directly or through overseas enterprises controlled by them shall be subject to approval, specifically, including projects involving sensitive countries and regions and sensitive industries; non-sensitive projects directly carried out by investors, namely, non-sensitive projects involving investors’ direct contribution of assets or rights and interests or provision of financing or guarantee shall be subject to record-filing.

Foreign Exchange Regulation

Pursuant to the Administrative Regulations on Foreign Exchange of the PRC (《中華人民共和國外匯管理條例》) last amended by the State Council on August 5, 2008 and came into effect on the same day, transactions involving goods, services, income and current transfers in the balance of payments are regarded as current accounts, under which the foreign exchange payments shall, pursuant to the administrative provisions of the foreign exchange control department of the State Council on payments of foreign currencies and purchase of foreign currencies, be made using self-owned foreign currency or foreign currency purchased from financial institutions engaging in conversion and sale of foreign currencies by presenting the valid document; domestic entities and domestic individuals making overseas direct investments or engaging in issuance and trading of overseas securities and derivatives shall process registration formalities pursuant to the provisions of the foreign exchange control department of the State Council.

REGULATORY OVERVIEW

According to the Notice on Relevant Issues Concerning the Administration of Foreign Exchange for Overseas Listing (《關於境外上市外匯管理有關問題的通知》) issued by the SAFE on December 26, 2014 and came into effect on the same day, a domestic company shall, within 15 business days from the date of the end of its overseas listing and issuance, register the overseas listing with the SAFE’s local branch at the place of its incorporation. The proceeds raised by the domestic companies through overseas listing may be remitted to the domestic account or deposited in an overseas account, provided that the use of the proceeds shall be consistent with the content of the document and other public disclosure documents.

In February 2015, the SAFE issued the Circular of Further Simplifying and Improving Foreign Exchange Administration Policies on Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》), which was partially abolished in December 2019. It stipulates that banks shall directly examine and handle foreign exchange registration under overseas direct investment, and the SAFE and its branches shall implement indirect supervision over foreign exchange registration and examination of overseas direct investment through banks.

Laws and Regulations on Anti-Unfair Competition

According to the Anti-unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》) (the “Anti-unfair Competition Law”), last amended by the SCNPC on April 23, 2019 and came into effect on the same day, operators shall comply with the principle of voluntariness, equality, impartiality, integrity and abide by laws and business ethics in market transactions. Under the Anti-unfair Competition Law, unfair competition refers to the circumstance that an operator disrupts the market competition order and damages the legitimate rights and interests of other operators or consumers in violation of the provisions of the Anti-unfair Competition Law in the production and operating activities. Operators who violate the provisions of Anti-unfair Competition Law shall bear corresponding civil, administrative or criminal responsibilities depending on the specific circumstances.

According to the Anti-Monopoly Law of the PRC (《中華人民共和國反壟斷法》) (the “Anti-Monopoly Law”), last amended on June 24, 2022 and implemented on August 1, 2022, the Anti-Monopoly Law applies to the monopolistic practices in domestic economic activities in the PRC as well as the monopolistic practices outside the PRC which have exclusion or restriction effects on domestic market competitions. The monopolistic practices under the Anti-Monopoly Law include any monopoly agreement reached by any operators, abuse of market-dominating position by any operators and any concentration of operators which has eliminated or limited or may eliminate or limit the market competition. The anti-monopoly law enforcement agencies designated by the State Council are responsible for enforcement of the Anti-Monopoly Law in accordance with the provisions of the Anti-Monopoly Law. The anti-monopoly law enforcement agencies of the State Council may, according to the needs of their work, authorize the corresponding agencies of the people’s governments of provinces, autonomous regions, and municipalities to be responsible for enforcement of the Anti-Monopoly Law. Operators who violate the provisions of the Anti-Monopoly Law may be subject to fines, confiscation of illegal gains, or cessation of illegal activities by the anti-monopoly law enforcement agencies.

REGULATORY OVERVIEW

Regulations on Overseas Securities Offering and Listing by Domestic Companies

The Securities Law (《中華人民共和國證券法》), which was last amended by the SCNPC on December 28, 2019 and took effect on March 1, 2020, has comprehensively regulated the activities of the securities market in China, including the issuance and trading of securities, the acquisition of listed companies, stock exchanges, securities companies, and the responsibilities of securities regulatory agencies. The Securities Law further stipulates that the enterprises in China that directly or indirectly issue securities overseas or list securities overseas shall comply with the relevant provisions of the State Council. The specific measures for subscribing and trading shares of companies in China in foreign currency shall be separately prescribed by the State Council. The CSRC is a securities regulatory agency established by the State Council, responsible for supervising and managing the securities market in accordance with the law, maintaining market order, and ensuring the legal operation of the market. At present, the issuance and trading of H shares are mainly regulated by regulations and rules promulgated by the State Council and the CSRC.

According to the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) issued by the CSRC on February 17, 2023 and came into effect on March 31, 2023, where a domestic company issuer procures an overseas initial public offering or listing, it shall file with the CSRC within three business days after submitting application documents for overseas securities offering and listing.

According to 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》) jointly issued by the CSRC and other departments on February 24, 2023 and came into effect on March 31, 2023, in the overseas offering and listing activities of domestic companies, and securities companies and securities service institutions that provide corresponding services shall strictly comply with the applicable laws and regulations of the PRC and satisfy the requirements of these Provisions, enhance the legal awareness of safeguarding state secrets and strengthening archives administration, establish and improve the confidentiality and archives work system, and take necessary measures to fulfill the confidentiality and archives administration obligations, and shall not divulge state secrets or work secrets of state organs, or harm the interests of the state or the public. A domestic company that, either directly or through its overseas listed entity, provides or publicly discloses to relevant securities companies, securities service institutions, overseas regulators, and other entities and individuals, any documents and materials that involve state secrets or work secrets of state organs, shall obtain approval from the competent department with the power of examination and approval according to the law, and report to the administrative department of confidentiality at the same level for filing.

REGULATORY OVERVIEW

HONG KONG REGULATORY OVERVIEW

The major applicable Hong Kong laws and regulations of Hong Kong which relate to the business operations and the subsidiary incorporated in Hong Kong are set out below. This summary does not purport to be a comprehensive description of all the laws and regulations applicable to our business and operations in Hong Kong, and/or which may be important to potential investors.

Business

Business Registration Ordinance (Chapter 310 of the Laws of Hong Kong)

Section 5 of the Business Registration Ordinance (Chapter 310 of the Laws of Hong Kong) requires every person (a company or an individual) carrying on a business in Hong Kong to register with the Inland Revenue Department and obtain a business registration certificate within one month of the commencement of the business. Business registration is a process based on application and does not involve government approval. Once the requisite criteria are met, a business registration certificate will be granted. Business registration serves to notify the Inland Revenue Department of the establishment of a business in Hong Kong and facilitate the collection of tax from businesses in Hong Kong.

Import and Export Ordinance (Chapter 60 of the Laws of Hong Kong)

The Import and Export Ordinance (Chapter 60 of the Laws of Hong Kong) provides for the regulation and control of the import of articles into Hong Kong, the export of articles from Hong Kong, the handling and carriage of articles within Hong Kong which have been imported into Hong Kong or which may be exported from Hong Kong, and any matter incidental to or connected with the foregoing. The import and export of certain articles are prohibited unless with the relevant licences under sections 6C and 6D which are issued under section 3 of the Import and Export Ordinance (Chapter 60 of the Laws of Hong Kong).

Import and Export (Registration) Regulations (Chapter 60E of the Laws of Hong Kong)

Pursuant to regulations 4 and 5 of the Import and Export (Registration) Regulations, every person, including company, who imports or exports or re-exports any article other than an exempted article set out in regulation 3 of the Import and Export (Registration) Regulations shall lodge with the Commissioner of Customs and Excise and any Deputy or Assistant Commissioner of Customs and Excise of Hong Kong an accurate and complete import or export declaration relating to such article using services provided by a specified body, in accordance with the requirements that the Commissioner of Customs and Excise of Hong Kong may specify. Every declaration required to be lodged shall be lodged within 14 days after the importation or exportation of the article to which it relates.

REGULATORY OVERVIEW

Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong)

The Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) is an ordinance for the purpose of imposing taxes on property, earnings and profits in Hong Kong. It provides, among others, that persons, who include corporations, partnerships, trustees and bodies of persons, carrying on any trade, profession or business in Hong Kong are chargeable to tax on all profits (excluding profits arising from the sale of capital assets) arising in or derived from such trade, profession or business in Hong Kong.

Employment

Employment Ordinance (Chapter 57 of the Laws of Hong Kong)

The Employment Ordinance (Chapter 57 of the Laws of Hong Kong) regulates the general conditions of employment and matters connected therein in Hong Kong. It provides for various employment-related benefits and entitlements to employees. The Employment Ordinance (Chapter 57 of the Laws of Hong Kong) covers a comprehensive range of employment protection and benefits for employees, including, among others, wage protection, paid annual leave, maternity protection, statutory holidays, severance payment and long service payment.

Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong)

Under Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong), an employer must take all practicable steps to ensure that employees who are at least 18 but under 65 years of age and employed for 60 days or more become members of a registered scheme (except for certain exempt persons) within the first 60 days of employment.

It is also mandatory for an employer to make mandatory contributions to the mandatory provident fund scheme. For each contribution period occurring after that commencement (i) from the employer’s own funds, contribute to the relevant registered scheme the amount determined in accordance with Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong); and (ii) deduct from the employee’s relevant income for that period as a contribution by the employee to that scheme the amount determined in accordance with Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong).

Employee’s Compensation Ordinance (Chapter 282 of the Laws of Hong Kong)

The Employee’s Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) provides that an employer is liable for any personal injury by accident arising out of and in the course of the employment to the employee in accordance with the Employee’s Compensation Ordinance (Chapter 282 of the Laws of Hong Kong).

It further provides that no employer shall employ any employee in the any employment unless there is in force in relation to such employee a policy of insurance issued by an insurer for more than the specified amount in respect of the liability of the employer.

REGULATORY OVERVIEW

SIX SWISS EXCHANGE REGULATORY OVERVIEW

The Company is subject to the listing rules and any additional regulations enacted by SIX Swiss Exchange (collectively, the “**SIX Swiss Exchange Listing Rules**”) for as long as any of its global depositary receipts (the “**GDRs**”) remain listed on SIX Swiss Exchange. The following description provides for a general overview of the main duties for issuers of GDRs listed on SIX Swiss Exchange in accordance with the Standard for Depositary Receipts of SIX Swiss Exchange. It is in summary form and does not purport to be exhaustive.

Certain requirements for the admission to listing must be complied with by companies as long as their GDRs are listed on SIX Swiss Exchange; among others: (i) the articles of association must comply with the national law to which such company is subject, (ii) the companies report according to IFRS, U.S. GAAP or PRC GAAP (only permitted for PRC companies), (iii) the depositary appointed by the respective company must either be subject to the Swiss Banking Act (BA) or, as securities firm, to the Financial Institutions Act (FinIA) or be subject to equivalent foreign supervision, and (iv) the deposit agreement between the appointed depositary and the respective company must provide for the underlying shares to be held by the depositary on a fiduciary basis (or on the basis of similar arrangements under applicable law) on behalf of the investors with rights to the GDRs in question, so that they can be separated and segregated in favor of the investors in the event of debt restructuring or insolvency of the depositary, and for the depositary to exercise all property and membership rights attached to the underlying shares in the interests of those investors.

Ad-hoc Publicity

Under the SIX Swiss Exchange Listing Rules, companies, whose securities are listed on SIX Swiss Exchange are required to publish facts that are, with respect to the price of the GDRs, the A Shares or other securities, price-sensitive and that have arisen in the sphere of our business activities. Facts that are not known publicly and that, from an ex-ante perspective, are capable of leading to a significant price change are classified as price-sensitive. A company must decide on a case-by-case basis whether a fact is price-sensitive (except with regards to annual or interim financial reports or other financial figures, which must always be published by way of an ad hoc announcement). Price-sensitive facts may include, but are not limited to, financial figures and reports, changes in key employee positions including changes affecting the composition of the board of directors or the senior management, mergers, takeovers, spin-offs, restructuring operations, changes in capital, takeover bids, changes in business operations (such as new sales partners, new and significant products, withdrawal or recall of a significant product), information on trading results (such as significant changes in earnings such as profit decrease/increase or profit warning, and cessation of dividends), significant changes to the shareholder structure and financial restructuring. As a rule, a company will be required to disclose any price-sensitive fact immediately as soon as it has become aware of its material elements. Disclosure needs to be made to SIX Swiss Exchange (90 minutes ahead of time if published during trading hours), to no less than two electronic stock market information systems (such as Bloomberg, Reuters or Telekurs), to no less than two Swiss newspapers of nationwide distribution and, upon request, to all interested parties.

REGULATORY OVERVIEW

Ongoing Reporting Obligations

Companies with GDRs listed on SIX Swiss Exchange are required to report changes to the depositary or deposit agreement to SIX Exchange Regulation at the same time as the holders of the GDRs themselves are informed.

Further, a company of GDRs listed on SIX Swiss Exchange must report certain events related to it or the GDRs, such as a change in name, change of auditors or certain information in relation to the annual general meeting. SIX Exchange Regulation requires from issuers of GDRs an overview of the outstanding GDRs once per year.

Corporate Governance Reporting

A company of GDRs listed on SIX Swiss Exchange is obliged to declare in its annual report that it adheres to the corporate governance standards of its domestic markets.

Directive on the Disclosure of Management Transactions

Companies with equity securities or GDRs listed on SIX Swiss Exchange must ensure that its board members and senior management disclose any transactions that they have conducted in securities of the company. Under the rules of SIX Swiss Exchange, the relevant individuals must disclose any such transaction to the relevant company, and the company must forward such information to SIX Swiss Exchange. The transactions are subsequently published on a “no names basis” on SIX Swiss Exchange’s website.

Corporate Calendar

A company with equity securities or GDRs listed on SIX Swiss Exchange has to produce a corporate calendar covering at least the current financial year, and to keep it up to date. The corporate calendar must give information on the dates in the company’s year that are of major importance to investors, specifically the annual general meeting and the publication dates of the annual and interim financial statements and the corresponding reports.

SWISS SECURITIES LAWS

Insider Trading Rules

Swiss securities laws prohibit the exploitation of inside information in respect of securities admitted to a Swiss trading venue and restricts the disclosure of inside information. Swiss law provides for both an administrative prohibition and a prohibition at criminal law level with sanctions including imprisonment or fines.

“**Inside Information**” is defined as confidential, price-sensitive information, i.e., information whose disclosure can be expected to significantly affect the price of securities admitted to trading on a Swiss trading venue.

REGULATORY OVERVIEW

Swiss law distinguishes between three types of insiders for the criminal law provision:

- *Primary insiders*: Any member of a managing or supervisory body (e.g., the board of directors) and any person with intended access to Inside Information on the basis of its holding or function (e.g., legal or M&A department heads).
- *Secondary insiders*: Persons who obtain Inside Information from a primary insider (i.e., tippees) or through a crime or felony.
- *Coincidental insiders*: Persons who received Inside Information coincidentally, for example employees finding a confidential document left in the office printer or a taxi driver overhearing a confidential discussion.

Subject to certain exceptions (so-called “safe harbors”), a person who is in possession of inside information is prohibited from:

- exploiting the Inside Information to acquire or dispose of securities admitted to trading on a trading venue in Switzerland or to use derivatives of such securities;
- exploiting the Inside Information to recommend to a person to acquire or dispose of securities admitted to trading on a trading venue in Switzerland or to use derivatives of such securities;
- disclosing the inside information to any other person.

Swiss securities laws provide for safe harbors, among others, for two exceptions from the prohibition to disclose inside information, allowing disclosure on a “need to know” basis.

- (a) The disclosure of Inside Information is permissible to a recipient who needs the inside information to fulfil his or her statutory or contractual obligations.
- (b) An exception also applies where the disclosure of Inside Information is required with regard to the conclusion of a contract if the disclosing person (i) notifies the recipient that the Inside Information may not be exploited, and (ii) documents the disclosure of the Inside Information and the notification pursuant to paragraph (i) above.

REGULATORY OVERVIEW

Market Abuse Rules

Similar as for insider trading, Swiss law provides for both an administrative prohibition and a prohibition at criminal law level with sanctions including imprisonment or fines.

The administrative law provision is applicable to a person who publicly spreads information which she or he knows (or should know) gives false or misleading signals regarding the supply, demand or price of securities; or effects purchases and sales of securities which she or he knows (or should know) gives false or misleading signals regarding the supply, demand or price of securities.

The criminal law provision is applicable to a person who, in an attempt to procure an illegitimate pecuniary benefit, spreads misleading information knowing that such information is untrue; or effects purchases and sales of securities that are directly or indirectly carried out on both sides for account of the same person, or for a group of persons linked together for that purpose.

INDIA REGULATORY OVERVIEW

General Statutory Legislations

The Companies Act, 2013 (“Companies Act”)

The Companies Act, 2013, has replaced the Companies Act, 1956 in a phased manner. The Companies Act received the assent of President of India on August 29th, 2013. The Companies Act deals with incorporation of companies and the procedure for incorporation and post incorporation. The conversion of a private company into public company and vice versa is also laid down under the Companies Act, 2013. The procedure related to appointment of Directors forms part of the Companies Act. The procedure relating to winding up, voluntary winding up, and appointment of liquidator also forms part of the Companies Act.

Indian Contract Act, 1872 (“Contract Act”)

The Contract Act codifies the way in which a contract is entered into, executed, and implemented as well as the implications of a breach of contract. The Contract Act consists of limiting factors subject to which contract may be entered into, executed and breach enforced, as amended from time to time. The Contract Act deals with the enforcement of these rights and duties upon the parties. The Contract Act also lays down provisions of indemnity, guarantee, bailment, and agency.

REGULATORY OVERVIEW

Transfer of Property Act, 1882 (“T.P. Act”)

T.P. Act governs the transfer of property, including immovable property, between natural persons excluding a transfer by operation of law. The T.P. Act establishes the general principles relating to the transfer of property, including among other things, identifying the categories of property that are capable of being transferred, the persons competent to transfer property, the validity of restrictions and conditions imposed on the transfer and the creation of contingent and vested interest in the property.

Indian Stamp Act, 1899 (“Stamp Act”)

Under the Stamp Act stamp duty is payable on instruments evidencing a transfer or creation or extinguishment of any right, title or interest in immovable property. Stamp duty must be paid on all instruments specified under the Stamp Act at the rates specified in the schedules to the Stamp Act. The applicable rates for stamp duty on instruments chargeable with duty vary from state to state.

The Registration Act, 1908 (“Registration Act”)

The Registration Act was promulgated to achieve the purpose of maintaining a proper regulatory record of transactional documents with a recognized officer in order to safeguard the original copies. The Act lays down two types of registration of documents, one being mandatory registration, which has been laid down under Section 17 of the Registration Act. The other type of registration has been laid down under Section 18 of the Act which provides for the category of documents, registration of which is optional or discretionary.

The Insolvency and Bankruptcy Code, 2016 (“IBC”)

The IBC covers Insolvency of companies, Limited Liability partnerships (LLPs), unlimited liability partnerships, and individuals. The IBC has laid down a collective mechanism for resolution of insolvencies in India, by maintaining a delicate balance for all stakeholders to preserve the economic value of the process in a time bound manner.

Foreign Exchange Laws

Foreign Exchange Management Act, 1999 (“FEMA”) and Regulations Framed Thereunder

Foreign investment in India is primarily regulated under FEMA, through the Reserve Bank of India (“**RBI**”) and policies of the Department for Promotion of Industry and Internal Trade. Under the FEMA Regulations, foreign direct investment (FDI) in permitted sectors within the prescribed sectoral caps may be made under the ‘automatic route’ without prior RBI approval. However, FDI in sectors not covered under the automatic route, or beyond the sectoral limits, requires prior approval from the RBI and/or the Foreign Investment Promotion Board (FIPB).

REGULATORY OVERVIEW

Intellectual Property Related Legislations

The Trademarks Act, 1999 (“Trademarks Act”)

The Trademarks Act provides statutory protection to trademarks and prohibits the use of deceptively similar marks. Trademarks may be registered for both goods and services by filing an application before the Trademark Registry, either on the basis of actual use or intended future use. Once granted, registration is valid for 10 years and can be renewed thereafter, unless cancelled.

Tax Related Laws

Some of the tax legislations that may be applicable to the operations of Sunwoda and Winone include:

- i. Central Goods and Services Tax Act, 2017, as amended and various state-wise legislations made thereunder;
- ii. Integrated Goods and Services Tax Act, 2017;
- iii. Income-tax Act, 1961, and rules made thereunder as amended by the Finance Act in respective year; and
- iv. Customs Act, 1962.

Labour Laws

The employment of workers/employees in India is regulated by a wide variety of applicable labour legislations. Based on our review, we note that Sunwoda and Winone are required to undertake compliances under the following labour legislations (and the applicable rules thereunder):

Factories Act, 1948 (“Factories Act”)

The Factories Act *inter alia* provides for (a) the prior requirement of approval for the establishment of factories and; (b) licensing of factories. Further, it sets out the provisions in relation to service conditions of workers, standards for ensuring the health, safety and welfare of all workers in the factory premises, and the proper maintenance of the factory premises.

The Employees’ Provident Funds and Miscellaneous Provisions Act, 1952 (“EPF Act”)

The EPF Act is a social security legislation that mandates compulsory contributory savings for eligible employees. It provides for a retirement corpus for the eligible employee through contributions from both employees and employers, also offering a pension and an insurance scheme.

REGULATORY OVERVIEW

The Employees’ State Insurance Act, 1948 (“ESI Act”)

The ESI Act is a social security legislation that provides eligible employees with medical care and financial benefits for sickness, employment injury, death, and disablement; and is funded by contributions from both employers and employees.

The Maternity Benefit Act, 1961 (“Maternity Act”)

The Maternity Act regulates the employment of women working in applicable establishments, before and after childbirth/legal adoption, providing benefits *inter alia* including maternity leave and payment of wages.

The Minimum Wages Act, 1948 (“MW Act”)

The MW Act sets, regulates and mandates minimum wages for workers/employees working in scheduled employments; as prescribed by the relevant Central or State government.

The Payment of Bonus Act, 1965 (“Bonus Act”)

The Bonus Act mandates the provision of minimum statutory bonus to eligible employees by an employer. It requires the provision of a minimum bonus of 8.33% of the eligible employee’s wages and a maximum of 20% depending on the surplus available with the company.

The Payment of Gratuity Act, 1972 (“Gratuity Act”)

The Gratuity Act *inter alia* mandates the provision of an end-of-service benefit/payment by applicable employers to every employee who has rendered at least 5 (five) years of continuous service before the termination/cessation of his/her employment.

The Payment of Wages Act, 1936 (“PW Act”)

The PW Act regulates the payment of wages to certain classes of persons employed in industrial establishments. It *inter alia* sets the standards and provides for the responsibility of the employer in relation to payment of wages, fixation of wage period, time and mode of payment of wages, etc.

The Right of Persons with Disabilities Act, 2016 (“Disabilities Act”)

The Disabilities Act *inter alia* provides for measures and standards for non-discrimination and accessibility for disabled persons.

REGULATORY OVERVIEW

The Transgender Persons (Protection of Rights) Act, 2019 (“Transgender Act”)

The Transgender Act *inter alia* provides for prohibition of discrimination against transgender people in any establishments.

The Human Immunodeficiency Virus and Acquired Immune Deficiency Syndrome (Prevention and Control) Act, 2017 (“HIV AIDS Act”)

The HIV AIDS Act *inter alia* provides for prohibition of discrimination against persons afflicted with HIV- AIDS, protection of their HIV- AIDS status and the obligation of establishments to provide a safe working environment.

The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (“POSH Act”)

The POSH Act provides for establishment of a framework for protection of women from sexual harassment in the workplace and provides for a mechanism for redressal of sexual harassment complaints.

The Contract Labour (Regulation and Abolition) Act, 1970 (“Contract Labour Act”)

The Contract Labour Act regulates the employment of contract labour in certain establishments and prescribes obligations with respect to welfare and service conditions in relation to the contract workers/employees including but not limited to filings of returns and maintenance of registers/records.

The Equal Remuneration Act, 1976 (“ER Act”)

The ER Act mandates equal pay for men and women for the same work or work of a similar nature and *inter alia* prohibits gender-based discrimination in hiring/recruitment practices.

The Industrial Employment (Standing Orders) Act, 1946 (“Standing Orders Act”)

The Standing Orders Act *inter alia* requires specified establishments to draft, certify, and display standing orders defining key service conditions governing its employees.

The Employment Exchange (Compulsory Notification of Vacancies) Act, 1959 (“EE Act”)

The EE Act provides for a requirement of applicable employers to notify employee vacancies in their establishments and furnish regular employment returns to designated exchanges.

REGULATORY OVERVIEW

The Industrial Disputes Act, 1947 (“ID Act”)

The ID Act *inter alia* provides for a framework for prevention and settlement of industrial disputes. Further, it aims to regulate strikes and lockouts and prescribes procedures and compensation for layoffs, retrenchment, and closures.

Environmental Laws

The Environment (Protection) Act, 1986 (“EPA”)

The EPA provides for the protection and improvement of the environment. It stipulates that no person carrying on any industry, operation or process shall discharge or emit or permit the discharge or emission of any environmental pollutant in excess of such standards as may be prescribed.

Water (Prevention and Control of Pollution) Act, 1974 (“Water Act”)

The Water Act seeks to prevent and control water pollution by empowering the Central and State Pollution Control Boards. It requires industries or operations likely to discharge sewage or effluents to obtain consent from the relevant state board.

Air (Prevention and Control of Pollution) Act, 1981 (“Air Act”)

The Air Act aims to prevent, control and reduce air pollution by establishing Central and State Pollution Control Boards. Any industrial plant in an air pollution control area must obtain consent from the state board before commencing operations.

Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016 (“Hazardous Waste Rules”)

The Hazardous Waste Rules provides that every occupier of a facility who is engaged in handling of ‘hazardous waste’ and other wastes to obtain an authorization from the respective pollution control board. It places an obligation on the occupier to follow certain steps for management of hazardous and other wastes, namely, prevention, minimization, reuse, recycling, recovery, utilization including co-processing, and safe disposal of the waste.

Bio-Medical Waste Management Rules, 2016 (“BMW Rules”)

The BMW Rules apply to all persons who generate, collect, receive, store, transport, treat, dispose, or handle bio-medical waste in any form. The BMW Rules mandate every occupier of an institution generating bio-medical waste to take all necessary steps to ensure that such waste is handled without any adverse effect to human health and environment and *inter alia* to make provisions for a safe premises.

REGULATORY OVERVIEW

E-Waste Management Rules, 2022 (“E-Waste Rules”)

The E-Waste Rules apply to all entities involved in the manufacture, sale, purchase, refurbishing, dismantling, recycling, or processing of e-waste and related components. Manufacturers must register and file returns on the Central Pollution Control Board’s portal.

Plastic Waste Management Rules, 2016 (“Plastic Waste Rules”)

The Plastic Waste Rules requires all institutional generators of plastic waste, to inter alia, segregate and store the waste generated by them, handover segregated wastes to authorized waste processing or disposal facilities or deposition centres and submit returns on the portal developed by the Central Pollution Control Board.

The Battery Waste Management Rules, 2022 (“Battery Rules”)

The Battery Rules are framed under the EPA and apply to every producer, dealer, consumer, entities involved in collection, segregation, transportation, refurbishment and recycling of waste battery. The Battery Rules prescribe the responsibilities and functions of a producer, consumer, entity involved in collection, segregation, and treatment, refurbisher, and recycler of the batteries as well as lay down the provisions for imposition of environmental compensation.

Public Liability Insurance Act, 1991 (“PLI Act”)

The PLI Act imposes liability on the owner or controller of hazardous substances for any death or injury to any person other than a workman, or any damage to any property arising out of an accident involving such hazardous substances. Amongst other, the owner or handler is required to obtain an insurance policy insuring against liability that may arise under the legislation.

U.S. OUTBOUND INVESTMENT RULE

On October 28, 2024, the U.S. Department of the Treasury (“**Treasury**”) Office of Investment Security published a final rule (“**OIR**”) establishing new regulatory controls on certain technology- related investments by U.S. persons in or related to the People’s Republic of China, Hong Kong and Macau (“**countries of concern**”).

The OIR, which became effective on January 2, 2025, implements Executive Order 14105 (“**Order**”) “Addressing United States Investments in Certain National Security Technologies and Products in Countries of Concern” (August 9, 2023).

REGULATORY OVERVIEW

Overview

The OIR applies to U.S. persons engaging in a “covered transaction” involving a “covered foreign person.” A covered foreign person is a “person of a country of concern” that engages in certain “covered activities.” Depending on the nature of the “covered activity,” a covered transaction may be prohibited (prohibited transactions) or may require notification to Treasury (notifiable transactions).

Covered activity is activities referred to in the definition of “prohibited transactions” and “notifiable transactions” and includes research, development, or manufacturing involving “covered national security technologies and products,” which are sensitive technologies and products in the semiconductors and microelectronics, quantum information technologies, and AI sectors that have military, intelligence, surveillance, or cyber-enabled capabilities.

Generally, activities and technology that are deemed to present the most acute national security concerns are prohibited, while other designated activities are subject to notification requirements.

The OIR also prescribes “excepted transactions” which are exceptions to “covered transactions” and provides for a mechanism for the Secretary of Treasury to exempt certain covered transactions from the OIR on a case-by-case basis.

U.S. Persons

Under the OIR, a “U.S. person” is:

- a United States citizen or a lawful permanent resident, wherever located;
- an entity organized under the laws of the United States or any jurisdiction within the United States (including foreign branches of any such entity), wherever doing business; or
- any person physically present in the United States.

U.S. persons are required to take “all reasonable steps” to ensure their “controlled foreign entities” also comply with the OIR.

REGULATORY OVERVIEW

Covered Transaction

The term “covered transaction” in the OIR includes:

- acquiring equity and contingent equity interests in a covered foreign person;
- providing debt financing to a covered foreign person that affords or will afford the lending party an interest in profits of the covered foreign person, the right to appoint members of the board of directors of the covered foreign person, or other comparable financial or governance rights characteristic of an equity investment but not typical of a loan;
- acquisition, leasing, or other development of operations, land, property, or other assets in a country of concern that will result in assisting with the establishment of a covered foreign person;
- conversion of a contingent equity interest into an equity interest in a covered foreign person, where the contingent equity interest was acquired on or after January 2, 2025;
- entering into a joint venture with a covered foreign person to engage in certain activities; or
- passive investment in a non-U.S. investment fund that engages in a covered transaction.

Covered Activities

“Covered activity” means any of the activities referred to in the definition of prohibited transactions and notifiable transactions. The chart below sets out activities of the covered foreign person or joint venture relevant to each prohibited transactions or notifiable transactions.

Notifiable transactions are subject to a 30-day post-closing notification to Treasury.

REGULATORY OVERVIEW

	Prohibited Transactions	Notifiable Transactions
Semiconductor and Microelectronics	A covered transaction in which the covered foreign person: Develop or produce any electronic design automated software for the design of integrated circuits (“ICs”) or advanced packaging; Develop or produce (1) front-end semiconductor fabrication equipment designed for performing volume fabrication of ICs; (2) equipment for performing volume advanced packaging; or (3) commodity, material, software or technology designed exclusively for use in or with extreme ultraviolet lithography fabrication equipment; Design ICs that meet or exceed certain performance parameters or that are designed for operation at certain temperatures; Fabricate ICs that meet specified criteria; Package ICs using advanced packaging techniques; or Design, sell or produce supercomputers enabled by advanced ICs that can perform at certain thresholds.	A covered transaction in which the covered foreign person: Design, fabricate or package any IC that does not meet the prohibited transaction parameters.

REGULATORY OVERVIEW

	Prohibited Transactions	Notifiable Transactions
Quantum Information Technologies	Develop quantum computers or the critical components required to produce quantum computers, such as dilution refrigerators or two- stage pulse tube cryocoolers; Develop or produce quantum sensing platforms designed for, or intended to be used for, military, government intelligence, or mass-surveillance end uses; or Develop or produce quantum networks or communication systems designed for, or intended to be used for, networking to scale up capabilities of quantum computers, secure communications, or any other application that has any military, government intelligence, or mass-surveillance end use.	None.

REGULATORY OVERVIEW

	Prohibited Transactions	Notifiable Transactions
AI Systems	Develop AI systems exclusively designed for, or intended to be used for, military, government intelligence, or mass surveillance end uses; or Develop AI systems trained using a specified quantity of computing (10^{25} computational operations generally or 10^{24} computational operations using primarily biological sequence data.)	Develop AI systems that are designed for military, government intelligence, or mass surveillance end uses (but not exclusively); Develop AI systems intended to be used for cybersecurity applications, digital forensics tools, penetration testing tools, or the control of robotics systems; or Develop AI systems trained using a quantity of computing power greater than 10^{23} computational operations.

REGULATORY OVERVIEW

	Prohibited Transactions	Notifiable Transactions
Sanctioned Persons . . .	A covered transaction in which the covered foreign person engage in a covered activity (including a notifiable transaction) and is: Included on the BIS’ Entity List or Military End User List; A “Military Intelligence End- User” as defined by the BIS; Included on the Department of the Treasury’s list of Specially Designated Nationals and Blocked Persons (SDN List), or is an entity in which one or more individuals or entities included on the SDN List, individually or in the aggregate, directly or indirectly, own a 50 percent or greater interest; Included on the Department of the Treasury’s list of Non-SDN Chinese Military-Industrial Complex Companies (NS-CMIC List); or Designated as a foreign terrorist organization by the Secretary of State under 8 U.S.C. § 1189.	

REGULATORY OVERVIEW

Covered Foreign Persons

A “covered foreign person” is:

- a person of a country of concern who engages in a covered activity; or
- a person that has a voting interest, equity interest, board seat, or contractual power to direct or cause the direction of the management or policies in a person of a country of concern where more than 50% of one of several key financial metrics of the entity is attributable to such a person of a country of concern; and
- a person of a country of concern that participates in a joint venture with a U.S. person that engages in activities subject to the prohibition or notification requirements.

A person of a country of concern means:

- an individual who is a citizen or permanent resident of a country of concern (and not a U.S. citizen or permanent resident of the United States);
- an entity that is organized under the laws of a country of concern, headquartered in, incorporated in, or with a principal place of business in a country of concern;
- the government of a country of concern including any political subdivision, political party, agency, or instrumentality thereof; any person acting for or on behalf of the government of a country of concern; or any entity with respect to which the government of a country of concern holds individually or in the aggregate, directly or indirectly, 50 percent or more of the entity’s outstanding voting interest, voting power of the board, or equity interest, or otherwise possesses the power to direct or cause the direction of the management and policies of such entity (whether through the ownership of voting securities, by contract, or otherwise);
- an entity in which in any of the aforementioned categories of persons hold at least 50 percent of any of the following interests of such entity: outstanding voting interest, voting power of the board, or equity interest; or
- any entity in which one or more persons identified in the preceding paragraph, individually or in the aggregate, directly or indirectly, hold at least 50 percent of any of the following interests of such entity: outstanding voting interest, voting power of the board, or equity interest.

The Order identifies the PRC, along with the Special Administrative Regions of Hong Kong and Macau, as a “country of concern.”

REGULATORY OVERVIEW

Penalties

Conduct that violates the OIR includes:

- taking any prohibited action;
- failing to take any required action required within the timeframe and in the manner specified;
- making materially false or misleading representations to Treasury, or falsifying, concealing or omitting any material fact, when submitting any required information; or
- evading or avoiding any of the prohibitions.

Maximum civil penalty that may be imposed for violations of the OIR is the greater of twice the amount of the transaction that is the basis for the violation or \$250,000 (or \$368,136 as of January 12, 2024, adjusted for inflation). A willful violation of the OIR may result in criminal penalties of up to \$1,000,000 and 20 years imprisonment.

Excepted Transaction

The OIR provides for several “excepted transactions” that are not subject to the notification or prohibition requirements of the OIR. Excepted transactions include an investment by a U.S. person in publicly traded securities. Investments in publicly traded securities on both U.S. and non-U.S. exchanges (e.g., HKEX) are typically considered excepted transactions, so long as they do not afford the U.S. person rights beyond standard minority shareholder protections with respect to the covered foreign person.

The Treasury, however, emphasizes that a U.S. person’s acquisition of an equity interest in a covered foreign person that is not yet publicly traded for the purpose of facilitating an IPO, such as a purchase with the intent to create a market for the security or to resell the security on a secondary market (e.g., as part of an underwriting arrangement), is a covered transaction.

In other words, after a covered foreign person is listed on the HKEX, U.S. persons’ subsequent acquisition of its equity and equity interests are typically excepted from “covered transactions”.

Other excepted transactions include investments in securities issued by investment companies such as index funds, mutual funds, or exchange traded funds.

REGULATORY OVERVIEW

Certain investments made as a limited partner in a venture capital, private equity fund, fund of funds, or other pooled investment funds are excepted if the limited partner’s committed capital is not more than \$2 million, aggregated across investments and co-investment vehicles of the fund; or the limited partner received a binding contractual assurance that its capital will not be used to engage in a prohibited or notifiable transaction.

However, an investment is not an excepted transaction if it affords the U.S. person rights beyond standard minority shareholder protections with respect to the covered foreign person.

Even for excepted transactions, U.S. persons may still be required to conduct due diligence to ensure compliance with the OIR.

The OIR separately provides for a “national interest exemption,” pursuant to which the Secretary of the Treasury, in consultation with the Secretaries of Commerce and State, and the heads of relevant agencies, as appropriate, may exempt a transaction from the prohibition or notification requirement on the basis that the transaction would be in the national interest of the United States.

A U.S. person may request that Treasury review a potential transaction under the national interest exemption on behalf of itself or on behalf of its controlled foreign entity. Such a review will be based on the totality of all relevant facts and circumstances, and it is anticipated that an exemption will only be granted in exceptional circumstances.

We are not engaged in any of the covered activities and are not in a relationship described in the OIR with an entity engaged in the covered activities. Therefore, we are not a covered foreign person, and covered transactions in the OIR do not apply to us. Accordingly, after consulting with our legal advisor on this matter, we believe that the OIR would not impact our business or the [REDACTED].

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OVERVIEW

Our Company was founded in 1997 by Mr. Wang Mingwang and Mr. Wang Wei, our Single Largest Shareholders. Mr. Wang Mingwang commenced his career in battery sales in 1991, where he accumulated knowledge and expertises in battery production and sales. Subsequently, he started to operate several mould and electronics processing factories with his brother, Mr. Wang Wei, from 1992 to 1995, where they acquired further industry insights for battery production and sales. From 1995 to 1997, in light of the booming market for lithium batteries, Mr. Wang Mingwang and Mr. Wang Wei shifted their focus to lithium battery manufacturing and established our Company as a limited liability company under the laws of the PRC with the name of Shenzhen Sunwoda Electronic Co., Ltd. (深圳市欣旺達電子有限公司).

Since the establishment, our Company has focused on the research and development, manufacturing, and sales of lithium battery modules and consumer battery cells. In 2016, in light of repaid development of EV battery market, we expanded into areas including EV batteries and ESS battery cells. For details, please see the section headed “— Key Corporate and Business Development Milestones” below. After close to three decades of development, we have become a global leading innovator in lithium-ion battery technology.

Since April 2011, our A Shares have been listed on the Shenzhen Stock Exchange. In November 2022, we successfully listed our GDRs on the SIX Swiss Exchange. For details, see “— Corporate Development and Major Shareholding Changes” below.

KEY CORPORATE AND BUSINESS DEVELOPMENT MILESTONES

The following is a summary of our Group’s key corporate and business development milestones:

Year	Event
1997	We commenced our businesses in Shenzhen, Guangdong.
2008	Our Company was converted into a joint stock company with limited liability.
2011	Our A Shares were listed on the Shenzhen Stock Exchange.
2014	We achieved mass production of our consumer battery cells.
2016	We established a subsidiary to operate the ESS business.
2017	We launched our first overseas base in India for consumer battery businesses.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Year	Event
2018	We began the production of our EV battery cells.
2021	Our EV battery business rapidly expanded with projects launched in Jiangxi and Shandong.
2022	Our Sunwoda Zhejiang Liwinon Industrial Park was officially in operation.
	Our GDRs were listed on the SIX Swiss Exchange.
2024	Our ESS battery business grew significantly, ranking tenth globally by ESS battery shipment volume in 2024.
2025	We commenced the construction of our first overseas production base for consumer battery cells in Vietnam.

OUR MAJOR SUBSIDIARIES

The following table sets forth the detailed information of our Major Subsidiaries as of the Latest Practicable Date:

Name of Subsidiary	Date of Establishment and Commencement of Business	Place of establishment	Equity interest held by the Company	Principal Activities
HONGKONG XINWEI ELECTRONIC CO., LTD. (香港欣威電子有限公司) . .	November 6, 2008	Hong Kong	100%	Sales and investment holding
Sunwoda Huizhou New Energy Co., Ltd. (欣旺達惠州新能源有限公司).	October 11, 2012	PRC	100%	Property management of industrial parks and investment holding
Shenzhen Qianhai Hongsheng Entrepreneurship Investment Service Co., Ltd. (深圳市前海弘盛創業投資服務有限公司)	February 7, 2014	PRC	100%	Venture capital and proprietary investment, technology development and commercialization services
Sunwoda Mobility Energy. . .	October 29, 2014	PRC	40.21%	Research, development, production and sales of EV battery

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Name of Subsidiary	Date of Establishment and Commencement of Business	Place of establishment	Equity interest held by the Company	Principal Activities
Shenzhen Sunwoda Intelligent Technology Co., Ltd. (深圳欣旺達智能科技 有限公司)	August 30, 2016	PRC	100%	Research, development, production and sales of consumer battery
Huizhou Liwinon New Energy Technology Co., Ltd. (惠州鋰威新能源科技 有限公司).	September 23, 2016	PRC	100%	Research, development, production and sales of consumer battery
Sunwoda Electronic India Private Limited	December 8, 2016	India	99.99%	Production and sales of consumer battery
Sunwoda Huizhou Mobility Energy New Energy co., Ltd. (欣旺達惠州動力新能 源有限公司)	May 9, 2017	PRC	100%	Research, development, production and sales of EV battery and ESS battery
Huizhou Xinzhiwang Electronic Co., Ltd. (惠州 欣智旺電子有限公司)	May 25, 2018	PRC	100%	Research, development, production and sales of hardwares
Huizhou Winone Precision Technology Co., Ltd. (惠州市盈旺精密技術股份 有限公司).	September 18, 2018	PRC	82.53%	Research and development production and sales of precision structural parts and precision molds
Nanjing Sunwoda New Energy Co., Ltd. (南京市欣 旺達新能源有限公司)	April 29, 2019	PRC	100%	Production and sales of EV battery
Zhejiang Sunwoda Electronic Co., Ltd. (浙江欣旺達電子 有限公司).	March 24, 2020	PRC	100%	Research, development, production and sales of consumer battery
Zhejiang Liwinon Energy Technology Co., Ltd. (浙江 鋰威能源科技有限公司). . .	March 24, 2020	PRC	100%	Research, development, production and sales of consumer battery
Nanchang Sunwoda New Energy Co., Ltd. (南昌欣旺 達新能源有限公司).	August 26, 2021	PRC	100%	Production and sales of EV battery and ESS battery cell
Shandong Sunwoda New Energy Co., Ltd. (山東欣旺 達新能源有限公司).	December 31, 2021	PRC	100%	Production and sales of EV battery
Deyang Sunwoda New Energy Co., Ltd. (德陽欣旺 達新能源有限公司).	April 13, 2022	PRC	100%	Production and sales of ESS battery cell

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Name of Subsidiary	Date of Establishment and Commencement of Business	Place of establishment	Equity interest held by the Company	Principal Activities
Shenzhen Xinweizhiwang Technology Co., Ltd. (深圳欣威智旺科技有限公司) . . .	April 14, 2022	PRC	100%	Research, development, production and sales of consumer battery
Hubei Dongyu Xinsheng New Energy Co., Ltd. (湖北東昱欣晟新能源有限公司)	December 9, 2022	PRC	51%	Production and sales of EV battery

We have applied to the Hong Kong Stock Exchange for, and the Stock Exchange [has granted] to us, a waiver from strict compliance with the requirements under paragraph 26 of Appendix D1A to the Listing Rules, in respect of disclosing the particulars of any alteration in the capital of any member of our Group within the two years immediately precedent the issue of this Document. See “Waivers and Exemptions — Waiver in Respect of Alteration in Share Capital” for more details. For shareholding changes of our Major Subsidiaries during the two years immediately preceding the date of this Document, see “Statutory and General Information — Further Information about Our Group — Changes in the Share Capital of our Major Subsidiaries” in Appendix IV to this Document.

CORPORATE DEVELOPMENT AND MAJOR SHAREHOLDING CHANGES

Early Development of our Company

From 1997 to 2006, the registered share capital of the Company increased from RMB1 million to RMB50 million by way of capital injection from Mr. Wang Mingwang and Mr. Wang Wei with their shareholdings unchanged.

Conversion into a Joint Stock Company in 2008

Between 2006 and 2008, Mr. Wang Mingwang and Mr. Wang Wei transferred certain of their shares in the Company to several employees and investors, who are Independent Third Parties. In October 2008, our Company was converted into a joint stock company with limited liability with a registered capital of RMB141,000,000 and the then existing shareholders being the promoters. After the completion of the conversion, Mr. Wang Mingwang and Mr. Wang Wei were interested in the Company as to 44.13% and 18.43%, respectively.

Listing on the Shenzhen Stock Exchange in April 2011

In April 2011, our Company completed the initial public offering and listing of our A Shares on the Shenzhen Stock Exchange (stock code: 300207.sz), under which a total of 47 million new A Shares were issued. Immediately following this offering, our registered share capital increased to RMB188 million, and Mr. Wang Mingwang and Mr. Wang Wei are interested in the Company as to 33.10% and 13.82%, respectively.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Major Shareholding Changes after Our Listing on the Shenzhen Stock Exchange

Private Placement of A Shares in 2018

In November 2017, our Company obtained approval from the CSRC for a private placement of A Shares, the purpose of which was to fund the expansion of consumer lithium battery modules production, construction of power lithium battery production lines and general working capital needs. The 258,000,000 new A Shares issued in the aforementioned private placement were priced at RMB9.90 each and were placed to four institutional investors, which are all Independent Third Parties, raising net proceeds of RMB2,526,265,942.58. Following the completion of this private placement of A Shares, our registered share capital increased to RMB1,548,674,500 in June 2018. As of the Latest Practicable Date, all the proceeds raised through the private placement of A Shares in 2018 have been utilized in accordance with the designated use of proceeds.

Issuance of the Sunwoda Convertible Bonds and the Redemption

On July 14, 2020, the Company conducted a public issuance of convertible bonds (the “**Sunwoda Convertible Bonds**”) with a principal amount of RMB1,120 million and a maturity period of 6 years, which was listed on the Shenzhen Stock Exchange. Pursuant to the offering circular of the Sunwoda Convertible Bonds, the convertible bonds shall be convertible into A Shares at a specified conversion price as stipulated in the offering circular for a period from January 20, 2021 to July 13, 2026. On June 16, 2021, the Company resolved to exercise its conditional redemption rights under the Sunwoda Convertible Bonds to redeem all then outstanding amount at par value plus accrued interests. After the completion of the redemption on September 14, 2021, the Company’s share capital increased by 52,651,982 A Shares to 1,626,451,553 A Shares as a result of the exercise of conversion right under the Sunwoda Convertible Bonds.

Private Placement of A Shares in 2021

In October 2021, our Company obtained approval from the CSRC for a private placement of A Shares, the purpose of which was to fund consumer battery cell expansion project, consumer battery module expansion project, laptop computer lithium battery module expansion project and general working capital needs. The 93,438,233 new A Shares issued in the aforementioned private placement were priced at RMB41.90 each and were placed to 16 institutional investors, all being our Independent Third Parties, raising net proceeds of RMB3,881,170,209.72. Following the completion of this private placement of A Shares, our registered share capital increased to RMB1,718,957,276 in January 2022. As of the Latest Practicable Date, all the proceeds raised through the private placement of A Shares in 2021 have been utilized in accordance with the designated use of proceeds.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Listing on the SIX Swiss Exchange

In November 2022, we completed the listing of our GDRs (Symbol: SWD) on the SIX Swiss Exchange. Each GDR represents an interest in five A Shares. In the GDR listing, we issued an aggregate of 143,795,000 A Shares, accounting for 8.37% of our Company’s then share capital immediately following the listing of our GDRs.

OUR SINGLE LARGEST SHAREHOLDERS

Pursuant to a concert party agreement entered into between Mr. Wang Mingwang and Mr. Wang Wei dated August 6, 2008, Mr. Wang Mingwang and Mr. Wang Wei acknowledged that (i) they would act in concert in the board meetings and general meetings of the Company and (ii) where consensus cannot be reached, the opinion of the party holding the largest shareholding in the Company shall prevail. The agreement remains valid unless terminated by either parties therein.

As of the Latest Practicable Date, Mr. Wang Mingwang and Mr. Wang Wei, being our Single Largest Shareholders, collectively controlled approximately 26.75% of our total share capital. Immediately following the completion of the [REDACTED] (assuming the [REDACTED] are not exercised), Mr. Wang Mingwang and Mr. Wang Wei will continue to hold in aggregate approximately [REDACTED]% of our total share capital and remain as our Single Largest Shareholders.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

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

LISTING ON THE CHINEXT MARKET OF THE SHENZHEN STOCK EXCHANGE AND THE SIX SWISS EXCHANGE

Since April 2011 and November 2022, our Company has been listed on the ChiNext Market of the Shenzhen Stock Exchange and on the SIX Swiss Exchange, respectively. Based on the advice from the PRC Legal Advisor and our local counsel for our compliance matters on the SIX Swiss Exchange, our Directors confirmed that we had no instances of material non-compliance with the rules of the Shenzhen Stock Exchange or the SIX Swiss Exchange, respectively, and other applicable securities laws and regulations of the PRC in any material respects, and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the [REDACTED] attention in relation to our compliance record on the Shenzhen Stock Exchange or the SIX Swiss Exchange, respectively.

Our Company seek its H Shares to be [REDACTED] on the Stock Exchange in order to further promote the Company’s internationalization strategy, enhance the Company’s international brand image, strengthen the Company’s core competitiveness, and enhance the Company’s operational and management standards. See “Business — Our Strategies” and “Future Plans and Use of [REDACTED]” for more details.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

PUBLIC FLOAT AND [REDACTED]

Satisfaction of the Public Float Requirement

Rule 8.08(1) (as amended and replaced by Rule 19A.13A) of the Listing Rules provides that, where a new applicant is a PRC issuer with other listed shares at the time of listing, this will normally mean that the portion of H shares for which listing is sought that are held by the public, at the time of listing, must (a) represent at least 10% of the issuer’s total number of issued shares in the class to which H shares belong (excluding treasury shares); or (b) have an expected market value of not less than HK\$3 billion.

Our A Shares are listed on the Shenzhen Stock Exchange. The total number of the H Shares to be issued pursuant to the [REDACTED] represents approximately [REDACTED]% of the enlarged issued share capital of the Company (assuming the [REDACTED] is not exercised). It is expected that upon the [REDACTED] (assuming the [REDACTED] is not exercised), based on an [REDACTED] of HK\$[REDACTED] per H Share, being the low end of the indicative [REDACTED], the [REDACTED] of the H Shares for which the [REDACTED] is sought that are held by the public is HK\$[REDACTED] million, thereby satisfying Rule 8.08(1) (as amended and replaced by Rule 19A.13A) of the Listing Rules.

[REDACTED]

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

- (2) Each of them is a director and/or member of senior management of the Company, see “Directors and Senior Management” in this Document for details.
- (3) As of the Latest Practicable Date, the remaining equity interests of Sunwoda Mobility Energy is owned by a group of shareholders including its employee shareholding platforms, reputable state-owned enterprises, financial institutions and private enterprises.
- (4) As of the Latest Practicable Date, the remaining equity interests are ultimately held by Dongfeng Motor Group Limited (東風汽車集團有限公司).
- (5) As of the Latest Practicable Date, the remaining equity interests are held by our employee shareholding platforms.
- (6) Other subsidiaries include, in aggregate, 196 subsidiaries established in various jurisdictions as of the Latest Practicable Date.
- (7) As of the Latest Practicable Date, the remaining equity interests are held by: (i) a director of Sunwoda Electronic India Private Limited, our connected person at subsidiary level; and (ii) three employees, all of them are Independent Third Parties.

The following chart illustrates our corporate and shareholding structure immediately following the completion of the [REDACTED], and assuming that the [REDACTED] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [REDACTED]:



BUSINESS

OVERVIEW

We are a leading innovator in lithium-ion battery technology, committed to providing integrated new energy solutions with sustainability and efficiency. We are primarily engaged in the R&D, design, manufacturing and sales of lithium-ion batteries, covering a diversified product matrix including consumer battery, EV battery and ESS. We provide customers with comprehensive solutions from battery cells, modules to systems, and battery testing and recycling.

With nearly 30 years of experience in the lithium-ion battery industry, we have established ourselves as the world’s largest manufacturer of lithium-ion batteries for mobile phones, laptops and tablets, as measured by total shipment volume of such batteries in 2024. According to CIC, we ranked first in the global mobile phone battery market by shipment volume in 2024, commanding a market share of 34.3%. We were also the second-largest manufacturer of laptop and tablet batteries globally, with a market share of 21.6%, according to the same source. In addition, we have been actively expanding our business in EV battery and ESS, achieving rapid growth and quickly emerging as a leading player in both sectors.

Our Market Leadership

World’s No. 1 for five consecutive years mobile phone battery manufacturer ¹	34.3% global market share in mobile phone battery ²
World’s No. 2 laptop and tablet battery manufacturer ²	21.6% global market share in laptop and tablet battery ²
World’s No. 10 EV battery manufacturer ³ ESS battery manufacturer ⁴	Fastest-growing among large-scale global supplier of EV battery and ESS battery ⁵

Our Customers Include⁶

World’s Top 10 mobile phone brands ⁷
World’s Top 5 laptop and tablet manufacturers ⁸
8 out of World’s Top 10 NEV OEMs ⁹
World’s Top 5 AC-side ESS Brands ¹⁰

Notes:

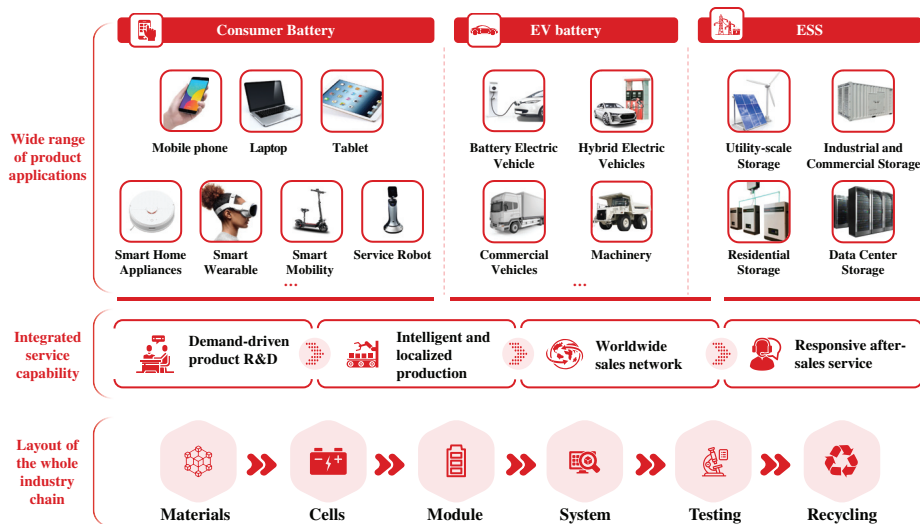
1. Based on the shipment volume from 2020 to 2024, according to CIC.
2. Based on the shipment volume in 2024, according to CIC.
3. With a market share of 2.1% based on the shipment volume in 2024, according to CIC.
4. With a market share of 1.4% based on the shipment volume in 2024, according to CIC.
5. The fastest-growing company among the world’s top ten EV battery manufacturers and among the world’s top ten ESS battery manufacturers, with a shipment growth rate of 1,664% from 2023 to 2024, according to CIC.
6. The rankings of the customers are based on the shipment volumes in 2024, according to CIC. In 2022, 2023 and 2024, and for the nine months ended September 30, 2025, these customers contributed 62.5%, 61.1%, 62.5% and 56.4%, respectively, to our revenue.

BUSINESS

7. In 2022, 2023 and 2024, and for the nine months ended September 30, 2025, these customers contributed 54.6%, 51.3%, 46.2% and 43.3%, respectively, to our revenue.
8. In 2022, 2023 and 2024, and for the nine months ended September 30, 2025, these customers contributed 33.0%, 29.1%, 25.9% and 20.1%, respectively, to our revenue.
9. In 2022, 2023 and 2024, and for the nine months ended September 30, 2025, these customers contributed 6.9%, 8.9%, 13.9% and 10.2%, respectively, to our revenue.
10. In 2022, 2023 and 2024, and for the nine months ended September 30, 2025, these customers contributed nil, 0.1%, 2.9% and 2.4%, respectively, to our revenue.

Our Business

We commenced our business in the consumer battery sector and have progressively expanded into EV battery, ESS and other related sectors, establishing a fully integrated battery business that encompasses R&D, design, manufacturing, sales, testing and recycling.



Consumer Battery

We began by supplying lithium-ion batteries for consumer electronic products including mobile phones, laptops, tablets and others, and have extended our offerings to cover emerging categories such as smart home appliances, smart wearables, smart mobility and service robots.

We have established long-term and stable partnerships with global leading technology companies. We serve as a primary manufacturer to major industry players including the world's largest smart phone company, Xiaomi, Lenovo, OPPO, vivo, Honor and Transsion, and are actively expanding further into the supply chains of other domestic and international top-tier players. To date, all of the world's top ten mobile phone manufacturers and the world's top five laptop and tablet manufacturers by shipment volume in 2024 were among our customers, according to CIC. We are also broadening our presence in emerging consumer electronics sectors, supplying companies such as Roborock and Ninebot.

BUSINESS

EV Battery

Our EV battery products are widely applied in the new energy passenger vehicle market, meeting the various performance and compatibility requirements of BEV, EREV, PHEV and HEV. Our applications have also extended to new energy commercial vehicles, construction machinery and other scenarios.

We have become a key EV battery manufacturer to leading automobile OEMs, including Li Auto, XPeng, Leapmotor, GAC, SAIC, Renault and Nissan. To date, we provided EV batteries to eight of the world’s top ten new energy vehicle manufacturers by sales volume in 2024, according to CIC.

ESS

We offer integrated ESS solutions covering a wide range of use cases, including utility-scale storage, industrial and commercial storage, residential storage and data center storage.

We have established a growing customer base across multiple countries and regions. We have proven track records of successful completion of large-scale solutions in markets around the globe. To date, we provided ESS products to all of the world’s top five AC-side ESS brands by shipment volume in 2024, according to CIC.

Our Research and Development Capability

Through years of accumulation, we have established a solid R&D system and developed a balanced lithium-ion battery technology matrix, positioning ourselves as a global leader in technology innovation in the industry. Our R&D is consistently driven by customer needs. We have established a full-cycle, customer-oriented technology innovation mechanism. This mechanism spans from technology exploration and product development to large-scale delivery. It forms a virtuous cycle of “customer demand — technological advancement — product validation,” which shortens the time from lab to mass production. As a result, we have achieved greater R&D efficiency and cost-effectiveness, allowing us to respond more effectively to the evolving and diverse needs of our customers and the end markets.

Leveraging our market insight and deep understanding of product, we continue to invest and innovate in new technologies and products, as well as intelligent manufacturing, oriented to customer needs. We continue to lead the industry in innovation across various businesses. According to CIC, among other innovations, we are:

- one of the few manufacturers in the industry that have achieved mass production of silicon-carbon negative electrodes batteries, an advanced technology that offers higher energy density than traditional graphite anode batteries by adopting a composite material of silicon and carbon for the negative electrode of the battery;

BUSINESS

- the world’s first manufacturer to launch the 200W ultra-fast charging platform;
- the world’s first manufacturer to launch 1,400A ultra-fast charging EV battery; and
- the world’s first manufacturer to launch 10-meter liquid-cooled integrated mobile energy storage vehicle, with a capacity of up to 2MWh.

We are also actively investing in industry-leading battery technologies, such as high-silicon anode batteries, semi-solid-state and solid-state batteries, LMFP batteries, sodium-ion batteries, and SiP-based modular integration, aiming to stay at the forefront of technological advancement and secure first-mover advantages.

Our Presence

We take a customer-centric approach to capacity planning, focusing on localized manufacturing to enhance efficiency and resource allocation. As of September 30, 2025, we have 25 major production bases in operation or under construction, of which 19 are located in the PRC, including Guangdong, Zhejiang, Jiangxi, Jiangsu, Shandong and other provinces, and six are located overseas in India, Vietnam, Thailand and Hungary. Our presence enables to respond to and satisfy the product needs of our customers locally and abroad in a timely manner.

We have established a mature manufacturing system featuring standardization, flexibility and intelligence. By modularizing customer product requirements into 40 to 50 standardized units, we have reduced production costs and shortened manufacturing cycles. Our flexible manufacturing for consumer battery enables product changeovers within eight hours and equipment reuse rates of approximately 85%. Our smart production lines, including our AI-enabled lines, achieve automation rates exceeding 90%.

We have established 11 major overseas marketing and service centers in key global markets, enabling us to better serve and expand our international customer base. We build localized teams in these regions to provide more efficient and responsive support to our customers.

Our Market Opportunities

Leveraging our extensive experience and capabilities in the lithium-ion battery industry, we will continue to expand our customer base and use cases across consumer battery, EV battery, and ESS sectors and steadily increase the self-supply ratio of consumer cells, to drive sustainable business growth and profitability improvement.

BUSINESS

Consumer battery. The wave of AI application has driven further growth in the consumer electronics industry, with booming demand for AI-installed products which need to carry batteries with higher energy density, and better battery performance. We are well-positioned to capture this market opportunity and will leverage our high-quality products and services to further consolidate and expand our global leadership in consumer batteries. As the next-generation consumer electronics continue to emerge, we are also actively broadening our product applications across diverse scenarios such as smart home appliances, smart wearables, smart mobility and service robots. At the same time, we are steadily increasing our battery cell self-supply ratio to deliver integrated solutions to our customers.

EV battery. The global shift toward vehicle electrification is now firmly established, with Chinese companies leading the transformation of the automotive industry toward new energy. We will continue to expand our partnerships with major global NEV OEMs. Beyond passenger vehicles, electrification is rapidly extending into commercial vehicles, construction machinery, new energy vessels and etc. We are committed to meeting this evolving demand with a diversified product portfolio tailored to a wide range of use cases.

ESS. Benefiting from the development of renewable energy power generation and data centers, the global energy storage market will grow rapidly. We will continue to expand our energy storage business based on our excellent product quality, advanced technical strength and strong service capability.

Our Financial Performance

During the Track Record Period, we achieved steady business growth alongside a notable improvement in profitability. Our revenue increased from RMB52.2 billion in 2022 to RMB56.0 billion in 2024, representing a CAGR of 3.6%. Our gross profit rose from RMB6.3 billion in 2022 to RMB8.2 billion in 2024, representing a CAGR of 14.2%. Our net profit attributable to owners of the Company increased from RMB1.1 billion in 2022 to RMB1.5 billion in 2024, representing a CAGR of 17.5%. Taking into account non-controlling interests, our profit for the year decreased from RMB763.4 million in 2022 to RMB330.7 million in 2023, and then increased to RMB534.3 million in 2024, and our adjusted net profit (non-IFRS measure) decreased from RMB1,030.5 million in 2022 to RMB535.1 million in 2023, and then increased to RMB729.5 million in 2024. For the nine months ended September 30, 2024 and 2025, our revenue amounted to RMB38.3 billion and RMB43.5 billion, respectively, representing a period-to-period increase of 13.7%. Gross profit increased from RMB5.9 billion to RMB7.1 billion, representing a period-to-period growth of 20.8%. Our net profit attributable to owners of the Company increased from RMB1.2 billion to RMB1.4 billion, representing a period-to-period growth of 16.6%. Taking into account non-controlling interests, our profit for the period increased from RMB553.5 million to RMB779.1 million, representing a period-to-period growth of 40.8%, and our adjusted net profit (non-IFRS measure) increased from RMB726.1 million to RMB938.6 million, representing a period-to-period growth of 29.3%.

BUSINESS

The fluctuations in our adjusted net profit (non-IFRS measure) and profit attributable to owners of the Company during the Track Record Period primarily reflected the changes in our net profit for the relevant periods. The adjusted net profit (non-IFRS measure) was further mainly affected by a decrease in the fair value changes of convertible bonds in 2023, an increase in share-based payments, partially offset by the absence of fair value changes of convertible bonds following their full conversion in 2023, and an increase in [REDACTED], partially offset by a decrease in share-based payments for the nine months ended September 30, 2025. Profit attributable to owners of the Company was also influenced by the allocation of net losses to non-controlling interests, which varied across the Track Record Period depending on the performance of certain subsidiaries. For details, see “Financial Information.”

Our Sustainability Initiatives

We are committed to contributing to the global transition towards a low-carbon future and have formulated a comprehensive sustainability strategy — “LEAP toward a Sustainable Future” — and identified four core goals to guide its implementation: Lifecycle, Ecology, Accountability, and Partnership. This strategy aligns with our long-term value creation objectives and responds proactively to evolving regulatory requirements, industry trends and stakeholder expectations.

We actively support China’s “Carbon Peaking and Carbon Neutrality Goals” and have adopted a structured approach to carbon management under our ESG governance framework. We target peak operational carbon emissions by 2029 and full operational carbon neutrality by 2050. To achieve these goals, we are advancing the use of renewable energy, promoting energy-saving technologies, and integrating clean energy into our operations. In 2024, we have completed over 200 energy efficiency initiatives, resulting in electricity savings of approximately 66.7 million kWh, equivalent to a reduction of more than 35,000 tonnes of carbon dioxide emissions.

We are deeply engaged in battery recycling and circular economy practices. Leveraging intelligent disassembly technologies and a vertically integrated industrial layout, we have established a closed-loop recycling system that enables the efficient recovery and reintegration of key materials such as nickel, cobalt and lithium into battery production. These efforts help reduce environmental pollution, conserve natural resources and improve supply chain resilience.

Our ESG performance has gained broad recognition. We have been rated “AA” by Wind ESG, “A” by MSCI ESG Ratings and “B” by CDP Climate Change. We have also been included in the *Fortune China ESG Influence List* for two consecutive years. We actively participate in leading sustainability initiatives and alliances, including the UN Global Compact, the Global Battery Alliance, the China ESG Alliance, among others.

BUSINESS

OUR STRENGTHS

We believe the following core competitive advantages will enable us to seize industry growth opportunities and continue strengthening our global competitiveness:

World’s Largest Battery Manufacturer for Mobile Phones, Laptops and Tablets with Rapid Growth in EV Battery and ESS

We are a globally leading lithium-ion battery technology innovator with one of the most comprehensive product portfolio in the industry, spanning consumer battery, EV battery and ESS. Our diversified business coverage enables us to broaden our revenue streams, enhance growth resilience and potential, reinforce our presence and brand recognition in global market.

We are a globally leading manufacturer of consumer batteries. According to CIC, we are the world’s largest manufacturer of mobile phone batteries by shipment volume in 2024, with a global market share of 34.3%. Our global market share in the laptop and tablet battery sector has also been increasing from 15.1% in 2022 to 21.6% in 2024, making us the second largest manufacturer in this sector worldwide. In addition, we continue to diversify our applications across emerging consumer electronics such as smart home appliances, smart wearables, smart mobility and service robots, while expanding our product portfolio to align with the evolving needs and business growth of our downstream customers.

Leveraging our deep market insight and extensive expertise in lithium-ion battery R&D, large-scale manufacturing and integrated services, we are also rapidly emerging as a major player in the EV battery and ESS sectors.

- **EV battery.** Our EV battery business has rapidly emerged as a key growth driver. According to CIC, in 2024, we ranked among the top ten EV battery manufacturers globally by shipment volume and were the fastest-growing company among the world’s top ten EV battery manufacturers measured by shipment growth rate from 2023 to 2024.
- **ESS.** Our ESS sales volume reached 9.6 GWh in 2024, representing a year-on-year increase of 108.7%. According to CIC, we ranked tenth globally by ESS battery shipment volume in 2024 and were the fastest-growing company among the global top ten ESS battery manufacturers in 2024 measured by shipment growth rate from 2023 to 2024.

Fostering Technological Advancement through Innovation and R&D

We adopt a customer-oriented approach in our R&D, with a clear understanding of customer needs and market trends. By integrating in-house innovation with collaborative development efforts with our customers, we deliver tailored solutions that address specific application requirements. This demand-driven model enhances R&D efficiency, shortens time-to-market for products, and supports continuous product innovation and iteration, allowing us to maintain strong technical leadership and respond quickly to evolving customer needs.

BUSINESS

In consumer batteries, we have achieved mass production of silicon-carbon anode cells with volumetric energy densities of up to 850 Wh/L and were one of a few manufacturers who have launched 200W ultra-fast-charging platform. By integrating the design and development of battery cells and modules, we deliver compact, high-efficiency and safe solutions, and customize our products based on customer design specifications. Our portfolio includes irregularly shaped and miniaturised batteries optimized for devices such as TWS earphones, AI glasses and smartwatches, helping customers maximize space and design flexibility. In EV batteries, we offer system integration solutions based on CTP, CTB and CTC architectures. Our products combine ultra-fast-charging performance, high energy density and adaptability. Our 6C BEV batteries are already in mass production, and we have launched 6C to 12C “flash-charging” BEV batteries, allowing for efficient recharging in 8 to 10 minutes, and HEV batteries up to 60C flash charging and 70C flash discharging. Our ESS products focus on features such as high capacity and long life-cycles. We have achieved mass production of 280Ah and 314Ah ESS battery cells, and have introduced 588Ah and 684Ah large-capacity products, with life-cycles ranging from 8,000 to 12,000 cycles. We have also introduced a mobile liquid-cooled ESS solution designed to support flexible and diverse deployment scenarios.

Furthermore, we focused on emerging battery technologies, including high-silicon anode batteries, semi-solid-state and solid-state batteries, LMFP batteries, sodium-ion batteries, and SiP-based modular integration. For instance, our first-generation semi-solid-state battery has entered small-scale production and has been deployed in low-altitude aircraft. We are currently conducting pilot testing of our second-generation semi-solid-state battery, which is designed to achieve an energy density of 360 to 400 Wh/kg. In solid-state batteries, our third-generation product with 400 Wh/kg energy density has completed lab and process validation, and our fourth-generation prototype with a lithium metal anode has reached 500 Wh/kg.

As of September 30, 2025, we applied over 10,000 patents with over 6,900 patents granted. We have contributed to several key national standards, such as the *Safety Technical Specification for Lithium-ion Batteries for Portable Electronics* (2022), China’s first mandatory ESS safety standard: *the Safety Requirements for Power Storage Systems* (2024), and the *Safety Requirements for EV batteries* (2025) by participating in the discussion, verification or revision as one of the core members in drafting committee. We have also established joint laboratories and partnerships with leading universities and research institutions in areas such as battery materials and recycling.

Top-Tier Customer Coverage with Enhanced Customer Engagement

With outstanding product quality, solid R&D capabilities, comprehensive supporting infrastructure, and years of industry experience, we have built a broad and high-quality customer base and continue to gain recognition from both domestic and international clients. Our customer base spans leading players across consumer electronics, EVs and energy storage. In the consumer battery business, we serve major global manufacturers of mobile phones, laptops and tablets, including the world’s top ten mobile phone manufacturers and the world’s top five laptop and tablet manufacturers by shipment volume in 2024. In EV batteries, we have

BUSINESS

formed long-term collaborations with automobile OEMs, including eight of the world’s top ten new energy vehicle manufacturers by sales volume in 2024. In energy storage, we support grid, residential and industrial and commercial scenarios with customers, including the world’s top five AC-side ESS brands by shipment volume in 2024.

Our long-standing customer relationships, consistent delivery of high-quality products and services, and strong brand reputation continue to enhance our competitiveness. These advantages enable us to provide integrated solutions to our clients and expand the application scope of our products alongside the growth of their businesses, thereby diversifying our revenue streams and scaling our operations. For example, our collaboration with Xiaomi began in 2012 with the supply of mobile phone batteries. Over time, we have deepened and broadened our cooperation across Xiaomi’s product ecosystem — supplying a range of devices including smart speakers, electric scooters, smart home appliances and smart locks from 2015 to 2016, laptops batteries since 2017, AIoT batteries since 2021, and now covering nearly all major consumer electronics categories.

The in-depth collaboration with clients is built upon years of trust and proven track records. Customers are highly selective in choosing battery manufacturers, placing stringent requirements on product safety and reliability. The development, testing, and certification cycle for suppliers can extend up to 36 months. We have successfully passed various customer-led testing and certification processes, securing a stable position within their supply ecosystems. In addition, most of our downstream customers are reputable and direct-to-consumer enterprises, which tend to favor experienced manufacturers with a proven track record and strong reputation.

Globally Integrated Service Capabilities Driving Timely Customer Support

Production and Manufacture

We strategically plan our production capacity with a customer-centric and regionally responsive mindset, anchored in a localized supply model that enhances efficiency and service proximity. As of September 30, 2025, we have established or are constructing 25 major production bases, 19 in China and six overseas in India, Vietnam, Thailand and Hungary, forming a global manufacturing footprint that supports regional coordination, reduces logistics costs, and strengthens our ability to serve customers worldwide. We have built a highly standardized, flexible and digitalized manufacturing system. By modularizing customized product requirements into 40 to 50 standard process units, we cover over 80% of mainstream applications while improving stability and reducing costs. Our flexible lines for consumer battery support changeovers within eight hours and achieve an equipment reuse rate of around 85%. On key production lines, automation rates exceed 90%, and AI-based optimization has helped reduce ramp-up cycles. Our 5G-enabled production line incorporates 5G communication modules, industrial gateways, and computing devices, enabling real-time equipment connectivity and full visibility of production data. These capabilities collectively enable us to respond quickly to dynamic customer demands across global markets while maintaining high operational efficiency and cost competitiveness.

BUSINESS

Supply Chain

Our well-established supply chain system and efficient procurement management framework further strengthen our global delivery capabilities. Our supply chain partners span across all critical components of lithium-ion battery production, including the five major raw materials for battery cells, electrical components, thermal management systems, and structural parts. This comprehensive coverage ensures the consistency and stability of our product quality from the source. As we continue to expand our international customer base and enhance our overseas production capacity, we are simultaneously developing a supporting global supply chain network tailored to operational needs. This approach enhances both the efficiency and resilience of our supply chain, enabling us to maintain reliable and timely supply across global markets.

Integrated Capability

We possess robust integrated product delivery and service capabilities, coupled with a strong advantage in responsiveness. From the R&D stage, we collaborate closely with our customers, enabling us to efficiently and cost-effectively transform complex technical product requirements from concept to commercially feasible and stable mass production. This allows us to provide tailored product solutions that meet diverse customer needs.

We offer a comprehensive suite of end-to-end services, ranging from battery cells to modules, systems, and scenario-based application solutions. In the consumer battery business, we have expanded upstream from module manufacturing into cell production. Our cell technologies and quality are industry-leading, and we have successfully entered the supply chains of top-tier mobile phone and laptops customers, thereby achieving vertical integration within the consumer battery value chain. In the first three quarters of 2025, we achieved a self-supply rate of approximately 43% for consumer battery cells, further demonstrating our capability to provide integrated solutions to customers.

Visionary Management Team Leading Sustainable Growth

As one of the earliest lithium-ion battery manufacturers in China, we have built a strong and seasoned management team. Each member brings extensive industry experience and a proven track record of execution. Our management team possesses deep insights across the entire lithium-ion battery value chain, including market dynamics, technological evolution and large-scale manufacturing operations. This enables them to accurately anticipate industry trends, identify strategic opportunities, and translate vision into execution. Under their leadership, we have continuously launched high-quality and innovative products, strengthened customer relationships, and extended our presence across a wide range of end-market applications with strong growth potential.

BUSINESS

Our management team has remained remarkably stable over the years, with core senior executives having served the Company for an average of more than 15 years. This long-term continuity has contributed to consistent strategic focus, deep organisational cohesion and the preservation of our innovation-driven culture.

Our management team is driven by the mission that innovation drives progress in the new energy world. Guided by this shared belief, they have led us on a path toward becoming a globally respected new energy enterprise. This mission has also helped us attract and retain a wide pool of dedicated and like-minded professionals across management, technical and operational functions. It is reflected in our relentless pursuit of excellence, our culture of innovation, and our commitment to delivering best-in-class products and services to our customers.

OUR STRATEGIES

Strengthen Our Leadership in Consumer Battery Business, While Actively Expanding into EV Battery and ESS Businesses

We aim to solidify our global leadership in mobile phone, laptop and tablet battery sectors by actively maintaining long-term partnerships with key customers and closely tracking market trends and customer needs. In response to rising performance demands driven by the rapid development of artificial intelligence, we will continue to invest in R&D to keep our solutions globally competitive and expand our market share. At the same time, we will stay attuned to evolving trends in the consumer battery sector and actively explore diversified applications in emerging and high-growth sectors such as smart home appliances, smart wearables, smart mobility and service robots. In addition, we will continue to expand our battery cell business by strengthening R&D and production capacity, increasing the self-supply ratio of battery cells across product lines to further enhance overall product profitability.

We will continue to expand our domestic and international EV battery customer base by deepening cooperation mechanisms. Leveraging our product quality and professional services, we aim to provide highly competitive integrated solutions that meet the evolving customer needs and capture greater share in the EV battery market. At the same time, we are actively deploying EV battery in commercial vehicles, vessels, and construction machinery, tailoring our product offerings to meet varied market demands.

Vigorously advancing our ESS business, we aim to develop innovative and industry-leading solutions tailored to the needs of various use cases, while ensuring high standards of product quality and safety. In terms of application, we focus on two core scenarios, “zero-carbon parks” and “zero-carbon mobility”, by providing comprehensive, end-to-end, and full life-cycle integrated services.

BUSINESS

Strengthen R&D and Innovation Capabilities

We plan to further increase our investment in R&D, enhance our technological innovation capabilities, and advance the development of products and technologies across multiple sectors of the new energy value chain, including battery materials, cells, modules and systems for consumer batteries, EV batteries and ESS. With keen market insight and responsiveness to evolving demand, we will accelerate product iteration and technological upgrades. We will also deepen cooperation with customers through joint R&D initiatives, including the establishment of joint laboratories, to launch market-driven products and technologies and further enhance the global competitiveness of our offerings.

We will continue to attract, develop and retain top-tier research, technical and engineering professionals, particularly those with strong leadership and management capabilities, with the goal of building a world-class technology team. At the same time, we will invest in advanced laboratory infrastructure and digital R&D platforms, ensuring our teams are equipped with state-of-the-art tools to improve the effectiveness and efficiency of our innovation efforts.

Expand Our International Business and Presence

We plan to further expand into overseas markets and international customer networks by gradually entering more global supply chains and increasing our share within them. To better serve international clients, we will strategically establish production facilities near key account locations, strengthening customer relationships and enhancing our presence and market share.

We will strengthen our global operational capabilities by establishing localized teams near key international customers and in strategic overseas markets. These teams will deliver more comprehensive services and support, enabling faster responses to customer needs and further enhancing client recognition and satisfaction.

Further Enhance Intelligent Manufacturing to Optimize Production Efficiency and Cost

We plan to continuously upgrade our intelligent manufacturing capabilities by adopting more automated and flexible production lines along with advanced manufacturing equipment, in order to enhance production capacity and efficiency while reducing overall costs.

We aim to enhance the digitalization and intelligence of our manufacturing operations to refine production management, cost control and large-scale product customization capabilities. For example, we are advancing factory visualization and developing digital models of physical assets such as production equipment, components and products, enabling real-time data collection, monitoring and traceability. By connecting our manufacturing execution system with production equipment, we enable real-time data exchange and coordination across the production process through cloud-based connectivity, improving the responsiveness and efficiency of our manufacturing system.

BUSINESS

Advance ESG Practices and Sustainability Initiatives

We will further enhance our sustainability strategy and management framework by integrating ESG principles into our business operations. We will continue to build a stable sustainability management structure decision-making, management, operation and execution. This will strengthen ESG oversight and ensure the effective implementation of our sustainability initiatives.

We are committed to achieving operational-level carbon peaking by 2029 and operational-level carbon neutrality by 2050. To this end, we actively explore emission reduction pathways and carry out climate action initiatives in an orderly manner. We will continue to enhance our carbon emissions management framework and promote its implementation across all levels of our Group. We have introduced a digital platform for carbon footprint accounting and conducted carbon footprint accounting for key products. We have also established a digital platform for battery passports. By integrating digital technologies such as blockchain, the Internet of Things, and artificial intelligence, the platform enables end-to-end monitoring and data management for the industry chain. In parallel, we will continue to promote environmentally responsible manufacturing by implementing energy-saving and emission-reduction measures across the entire value chain, with the goal of minimizing environmental impact at every stage of production.

OUR BUSINESS MODEL AND PRODUCTS

We primarily engage in the R&D, design, manufacturing and sales of lithium-ion batteries, with a focus on providing high-performance and customized battery solutions for a wide range of use cases.

Consumer Battery

We are a global leader in the consumer battery sector. We possess core technological advantages in high energy density, high-rate charging, long cycle life, and integrated design of battery cells and modules. These capabilities enable us to cater to various performance needs from customers regarding capacity enhancement, fast charging, compact structure, and safety and stability. We are a key supplier to several leading global consumer electronics brands. Our consumer batteries are widely used in various consumer electronics, including mobile phones, laptops, tablets, smart home appliances, smart wearable products, smart mobility products and service robots, continuously driving the adoption of consumer batteries in new and emerging scenarios use cases.

EV Battery

In the EV battery sector, we focus on key features such as fast charging, high power output, long cycle life, and wide operating temperature range, building a diverse product portfolio that supports all mainstream EV models, including BEV, EREV, PHEV and HEV. Our EV battery products are also widely used in passenger vehicles and commercial vehicles. With these advancements, we are steadily achieving mass production of our EV battery products, gaining more orders from leading automotive companies, and continuously expanding our market share.

BUSINESS

The table below sets forth a breakdown of our gross profit and gross profit margin by product type for the periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
<i>(RMB in thousands except for percentages)</i>										
<i>(unaudited)</i>										
Consumer battery . . .	4,858,360	15.2%	4,611,975	16.2%	5,569,283	18.3%	4,010,159	19.0%	4,334,054	19.2%
EV battery	1,013,868	8.0%	989,966	9.2%	1,331,973	8.8%	1,029,070	10.1%	1,685,531	13.6%
ESS	102,832	22.6%	211,321	19.0%	385,972	20.4%	257,508	25.0%	354,831	24.2%
Others	931,832	13.3%	933,708	12.6%	1,215,255	14.2%	834,113	13.8%	956,490	13.3%
- Precision structural components.	413,780	17.8%	417,862	15.0%	430,497	12.6%	302,416	12.0%	267,387	11.2%
- Smart hardware . . .	295,605	8.4%	252,565	9.9%	294,104	12.2%	159,924	8.0%	275,777	11.4%
- Other products and services	222,447	19.0%	263,281	12.7%	490,654	17.6%	371,773	24.1%	413,326	17.3%
Impairment losses on inventories	(622,292)	N/A	(628,926)	N/A	(299,652)	N/A	(276,913)	N/A	(257,816)	N/A
Total	<u>6,284,600</u>	<u>12.0%</u>	<u>6,118,044</u>	<u>12.8%</u>	<u>8,202,831</u>	<u>14.6%</u>	<u>5,853,937</u>	<u>15.3%</u>	<u>7,073,090</u>	<u>16.2%</u>

Our products are sold in major markets across the globe, and we have established a strong market presence in multiple countries and regions. By continuously optimizing our global business structure and strengthening localized operations, we are able to quickly respond to changes in market demand and consistently deliver high-quality products and services. Our globalization strategy not only provides us with stable growth opportunities, but also enables us to efficiently integrate resources across different regions, enhancing our competitiveness.

BUSINESS

The table below sets forth a breakdown of our revenue by geographic market based on delivery destination or the shipping destination on customs declaration, in absolute amounts and as percentages of total revenue, for the periods indicated.

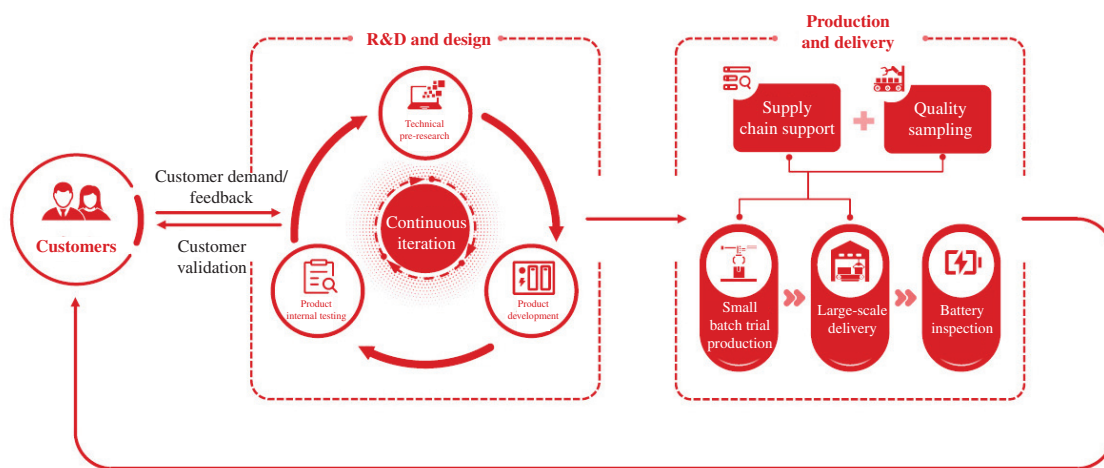
	Year ended December 31,						Nine months ended September 30,				
	2022		2023		2024		2024		2025		
	(RMB in thousands except for percentages)										
	(unaudited)										
Mainland China (excluding special supervision territory)	29,576,325	56.7%	27,406,020	57.3%	32,589,324	58.2%	22,028,461	57.5%	26,308,529	60.4%	
Special supervision territory in China	17,697,221	33.9%	14,078,068	29.4%	15,222,790	27.2%	10,224,326	26.7%	9,770,115	22.5%	
The United States	254,635	0.5%	417,346	0.9%	1,348,432	2.4%	1,140,502	3.0%	464,899	1.1%	
European Union	637,469	1.2%	1,102,896	2.3%	1,833,417	3.3%	1,130,093	3.0%	1,540,018	3.5%	
Other countries or regions ⁽¹⁾	3,996,619	7.7%	4,857,897	10.1%	5,026,671	8.9%	3,755,299	9.8%	5,450,187	12.5%	
Total	52,162,269	100.0%	47,862,227	100.0%	56,020,634	100.0%	38,278,681	100.0%	43,533,748	100.0%	

Note:

(1) Other countries or regions primarily comprise markets in India, Vietnam and Hong Kong.

Our Business Model

We are committed to a customer-centric approach, building a fully integrated research, production, and sales business model that encompasses customer demand analysis, product development, manufacturing and delivery, and after-sales support. Our goal is to provide customized and scalable lithium battery solutions tailored to the needs of customers from different industries. The chart below illustrates our engagement process with customers and suppliers of our lithium battery solutions.



BUSINESS

Identifying Customer Needs. We engage in close collaboration with customers from the early stages of product development, focusing on the customers’ product use cases to jointly identify market demands, define product features, and determine core performance indicators. We also collaborate with certain key customers through participating in-depth in the decision-making process during the design phase, thereby enhancing the products’ compatibility with customer needs and delivery efficiency.

R&D and Design. Our R&D and design system consists of five key stages, namely “technical pre-research — product development — internal testing — customer feedback — continuous iteration”.

- *Technological pre-research.* We focus on industry trends and the latest market developments, prioritizing the evaluation of new technological pathways with commercial potential to define clear R&D directions and key areas of focus.
- *Product development.* Leveraging existing technologies and cross-sector resources, we develop new products with strong market application prospects and strengthen our technology implementation capabilities.
- *Internal testing.* We conduct multiple rounds of functional validation and environmental adaptability testing to assess product stability and reliability in different use cases, laying the groundwork for mass production.
- *Customer feedback.* To address pain points and suggestions arising during application, we collect and analyze customer feedback to ensure that our products align closely with market demands.
- *Continuous iteration.* Based on customer feedback, we continue to optimize product performance, functions and user experience, driving continuous technological upgrades and product feature enhancement.

Manufacturing and Supply. We have established production bases in multiple locations domestically and abroad, providing comprehensive production capabilities for battery cells, modules and battery system integration. Leveraging our standardized, flexible and enhanced production capabilities, we can support multi-product manufacturing and rapid product switching on the same product line to timely meet the diverse needs of different customers. At the same time, we have built a supply chain management system that covers our key raw materials to ensure stability and cost control for large-scale deliveries.

Quality Control and Delivery. In the production and delivery stage, we typically begin with small batch trial production. After confirming that our production process and quality control procedures are well-functioning, we commence large-scale production and delivery. We have established a comprehensive quality control system covering the entire production process. All finished products must undergo comprehensive performance testing before leaving the factory, including assessments of core battery parameters, communication and control functions, and safety indicators, to ensure that each batch meets the customer’s standards.

BUSINESS

Our delivery capabilities span the entire product chain from battery cells, modules, and battery packs to system-level solutions. Our products are widely applied across various end-use cases, including mobile phones, laptops, smart devices, passenger vehicles, commercial vehicles, and industrial and commercial ESS. Through our platform based product offering and flexible engineering service system, we can effectively meet the diverse product configurations and performance requirements of our customers as they expand their businesses.

Customer Feedback. After the customers receive our products, if they encounter any issues or have suggestions for further optimization, they can submit customer feedback through established channels. We will analyze the issues and optimize the product or service accordingly, forming a closed-loop response mechanism.

With a customer-centric business model and a broad lithium battery product portfolio, we are able to support our customers as their needs evolve — from supplying a single product to engaging in broader, multi-category cooperation. As our customers grow and diversify their businesses, we expand our product and service offerings accordingly, enabling them to accelerate product rollouts, explore new applications and enter new markets. This mutual growth strengthens long-term relationships and deepens strategic alignment.

Case Study — Our Collaboration with Xiaomi

Our business relationship with Xiaomi began in 2012. Initially, we mainly provided battery solutions for its smartphone products. Leveraging our strong product performance, stable delivery capabilities and responsive technical support, we gradually became one of Xiaomi’s key battery suppliers and steadily broadened the scope of our services throughout the course of our partnership.

As Xiaomi continued to expand into the smart home appliances and broader consumer electronics market, our collaboration extended to a wider range of product categories. From 2015 to 2016, we supplied various products within its ecosystem, including smart speakers, electric scooters, robotic vacuum cleaners and smart locks. Starting in 2017, we entered the supply chain for its high-power portable devices such as laptops, and in 2021, further extended our coverage to batteries for smart wearable devices and other IoT devices. For each use case, we provide customized and highly reliable battery solutions that address Xiaomi’s diverse requirements in energy efficiency, safety, structural integration and battery life.

Today, we supply batteries across nearly all of Xiaomi’s major consumer electronics product lines, covering both core terminal devices and other ecosystem products. Our partnership has evolved from single-category supply to multi-product line collaboration, with our services expanding from component-level delivery to system-level technical support. This reflects our full-chain delivery capabilities in the lithium battery industry and our continued commitment to supporting Xiaomi’s business development.

BUSINESS

Our Products

With nearly 30 years of experience in the lithium battery industry, we have built comprehensive R&D capabilities through continuous technological innovation and accumulated expertise. We maintain a customer-centric approach, offering customized battery solutions tailored to different use cases to meet the requirements of various products in terms of form and performance. We have been steadily expanding our three core business lines: consumer battery, EV battery and ESS, while keenly tracking the latest industry trends. As market demands evolve, we continuously promote technological innovation and product upgrades to create value for customers across diverse use cases, further strengthening our collaboration with strategic partners.

Consumer Battery

Consumer batteries are at the core of our business and contributed the largest portion of our revenue during the Track Record Period. According to CIC, we were the world’s largest manufacturer of lithium-ion batteries for mobile phones, laptops and tablets, as measured by total shipment volume of such batteries in 2024. In particular, we dominate the global mobile phone battery market, with a market share of 34.3% by shipment volume in 2024. Our market share in the laptop and tablet battery sector has also increased from 15.1% in 2022 to 21.6% in 2024 by shipment volume, further solidifying our market position.

Building on our leadership in supplying mobile phones, laptops, and tablets, we have actively expanded into diverse smart end use cases, including smart home appliances, smart wearable devices, smart mobility solutions, and service robots, allowing our products to be more frequently used and meeting more complex customer demands. Our rapid penetration across diverse product categories has not only strengthened customer loyalty and product adaptability but also reinforced our market position in consumer battery.

Operation Model

We participate extensively in our customers’ product definition and development processes, providing integrated solutions that encompass overall design, mass production and delivery. For products requiring innovation, high complexity, or high levels of system integration, we are involved from the early stages of the customer’s product planning, working closely with the customer to jointly develop battery solutions, which includes evaluating feasible battery technologies and ensuring that the battery design is well aligned with the customer’s planned hardware specifications. This development pathway is typically adopted for our key customers and allows us to collaborate closely throughout the product definition and development cycle, covering functional specifications, structural design, and system integration. Such deep involvement facilitates better alignment with customer needs, shortens product development cycles, and enhances customer stickiness.

BUSINESS

For customers with clear functional requirements or well-established platforms, we leverage our existing technological expertise to provide customized services in terms of structural parameters, performance indicators, and integration solutions to enable rapid product development and flexible delivery. We have established a customer-centric advancement mechanism guided by technological effectiveness, enhancing our full-chain responsiveness from technological pre-research to product implementation to mass delivery, significantly boosting customer retention and product development efficiency.

Main Customer Base

Our consumer battery customers primarily consist of globally leading consumer electronics manufacturers. We generally establish long-term and stable business relationships with our customers. As of the Latest Practicable Date, we have collaborated with most of our five largest consumer battery customers for over ten years. We have become a major battery supplier for leading global mobile phone, laptop, and tablet manufacturers such as the world’s largest smart phone company, Xiaomi, Lenovo, OPPO, vivo, Honor and Transsion, and we are gradually entering the battery cell supply chains of domestic and international top-tier players. We are also a supplier to top smart hardware companies and emerging consumer electronics companies such as Roborock and Ninebot.

Key Technological Capabilities

We possess systematic technological capabilities covering the R&D and manufacturing of core components of lithium-ion batteries. This has enabled us to establish a full-process technological framework encompassing material system design, structural development, thermal management, safety mechanisms, to system integration. This technological framework not only supports our continued breakthroughs in product performance, energy density, safety, and packaging flexibility but also lays a solid foundation for providing efficient and customized solutions to our customers. As consumer electronics products generally require batteries with lighter weight, fast charging capabilities, high safety and integration capabilities, we maintain a dynamic alignment of technological advancement and end-demand, continuously driving the iteration of our core capabilities. Our key consumer battery technologies include:

- **Silicon carbon anode technology.** Since 2021, we have gradually adopted a silicon-carbon anode material system, incrementally increasing the silicon content of battery cells to enhance energy density. We have currently achieved mass production capabilities of batteries with a silicon content of 10%, and plan to further increase this to 15% to 20% to boost volumetric energy density from approximately 850Wh/L to over 900Wh/L. Our long-term goal is to reach the advanced level of 1,000Wh/L.

BUSINESS

- **Canned cell technology.** Since 2022, we have initiated a dedicated technical development program for canned cells, transitioning from a winding to a stacking cell structure. Over time, we have increased the silicon content from 3% to 12% to enhance energy density. Meanwhile, continuous optimization has been carried out in areas such as weight reduction, thermal abuse resistance, and mechanical reliability. Our next step will focus on further improving mechanical reliability and thermal abuse compatibility.
- **High-rate fast charging technology.** We have developed a battery cell product portfolio that supports charging rates ranging from 0.7C to 5C, corresponding to fast charging powers ranging from 18W to 200W. Our high-rate fast charging technology is particularly suitable for various end products such as mobile phones, laptops, and smart wearables that have high requirements for charging efficiency, significantly enhancing the charging experience for end users.
- **Battery cell structure optimization.** To meet the packaging needs of compact terminal devices, we have developed various specialized battery cells, including coin cells and ultra-compact micro prismatic cells, which improve size control, grouping efficiency, and packaging processes. These cells are widely used in highly integrated end products such as TWS earbuds and smartwatches.
- **High intrinsic safety for battery cells.** Since 2019, we have dedicated R&D efforts to systematically upgrading cell technologies to maintain cell stability under extreme conditions. We have introduced a safe battery cell solution that does not catch fire or leak under mechanical abuse, significantly enhancing the intrinsic safety of our products under extreme tests such as drops, compression, and puncture, meeting the high intrinsic safety standards demanded by international brands.
- **Battery cell and module integration capabilities.** We have established a collaborative system centered on the integrated development of battery cells and modules, enabling synchronized optimization across multiple aspects including structural design, thermal management, electrical interfaces, and system integration. This approach significantly enhances the development efficiency and system compatibility of customized solutions, providing customers with system-level support from battery cells to complete battery packs.
- **SiP packaging for power management systems.** Since 2020, we started to apply System-in-Package (SiP) technology in our power management systems, replacing traditional PCBA solutions to achieve modular BMU design, miniaturization, and substantial reliability improvements. Leveraging industry-leading SiP production lines, we are able to support the mass production of 01005 micro components (0.4×0.2mm), breakthrough 70μm ultra-dense pitch mounting technology, and filling for ultra-low gap (10μm) WLCSP/BGA packaging. We have provided miniaturized battery solutions to 12 global leading consumer electronics brands, reducing end product thickness to below 0.8mm.

BUSINESS

Key Product Features

Our consumer battery products are industry-leading across multiple key performance metrics, showcasing our strong technological expertise in material systems, cell structures, electrical performance, and system integration. We have built a product portfolio with extensive adaptability and high customization capabilities that can address the various demands of end devices for high energy efficiency, fast charging ability, miniaturization, safety, and system compatibility. This not only meets the core performance requirements of top customers in their flagship products but also supports the rapid deployment of emerging product categories across multiple scenarios. These capabilities have become our foundation for strengthening collaboration with customers and expanding our market share. Below are the advantages of our consumer battery products in key performance indicators:

- **High energy density.** By adopting high-voltage material systems, optimizing electrode structures, and introducing silicon-carbon anodes, our batteries provide longer endurance in a smaller volume to meet the stringent demands for high energy density of end devices such as mobile phones and laptops.
- **Excellent fast charging performance.** Our battery cell significantly reducing the charging time for end devices and meeting the demands for fast-paced charging scenarios in flagship mobile phones and high-performance wearable devices.
- **Miniaturization and high integration.** We have developed various miniaturized irregular-shaped battery cell products that offer significant advantages in space utilization, assembly compatibility, and packaging flexibility, making them suitable for micro devices such as TWS earbuds and smartwatches, enhancing the structural adaptability and design freedom of customer products.
- **Robust safety performance.** Through optimization of internal structure design and upgrades in material systems, our products demonstrate no leakage and no fire under extreme conditions such as drops, compression, and puncture, meeting the stringent safety certification standards required by international brand customers globally.
- **Highly customized design.** Leveraging our integrated development and delivery capabilities, we are able to design battery cell and module parameter systems tailored to the customer’s product positioning, structural requirements, and performance preferences. This enables us to achieve comprehensive customization from material systems to system integration, effectively enhancing end product compatibility and fostering customer loyalty.

BUSINESS

Key Products

Our consumer battery products are widely used in mobile phones, laptops, tablets, and other emerging use cases to meet our customers’ requirements for high energy efficiency, miniaturization, safety, and system integration capabilities:

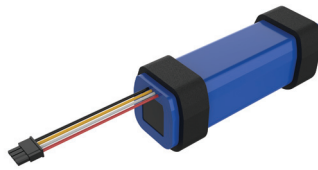
- **Mobile phone batteries.** Our mobile phone batteries are mainly used in mobile phones. They feature high energy density, thin and lightweight designs, and fast charging capabilities. Mobile phone batteries comprise the largest component of our consumer battery products by shipment volume. Our mobile phone batteries offer strong structural adaptability and quick response delivery capabilities, and are installed in the end products of many top mobile phone brands worldwide.
- **Laptop and tablet batteries.** Our laptop and tablet batteries are widely used in ultra-thin laptops and medium to large-sized tablet devices. Our laptop and tablet batteries feature technological advantages such as high energy density, thermal stability, and long cycle life. We have achieved mass delivery for various system platforms and size specifications, offering high system compatibility and packaging flexibility to meet customer requirements for performance stability and integration efficiency.
- **Emerging use cases.** We continue to expand our consumer battery offering by developing batteries for emerging use cases such as smart home products, smart wearable devices, and IoT devices. These innovative consumer battery products include miniaturized irregular-shaped batteries, coin cells, and highly integrated modules, featuring high safety, high energy efficiency, and packaging flexibility. Our emerging consumer batteries have been widely used in various smart hardware devices.

BUSINESS

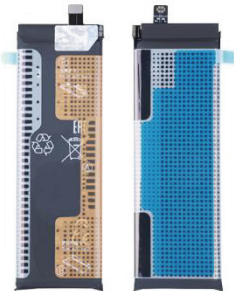
Below sets forth certain details of our key consumer battery products:

Product and Use Cases	Product Image	Key Features and Specifications
Mobile phones — pouch battery		Rated capacity: 2,350mAh Energy density: 566 Wh/L Cycle life: 1,000 times > 80% SOC Charge rate: 8.5C Wide-range temperature application: charging, -15~55°C; discharging, -20~60°C Using aviation grade two dimensional boron nitride thermally conductive material to improve heat dissipation, enabling fast charging in 10-13 minutes while reducing temperature increase
Laptops — pouch battery.		Rated capacity: 9,742mAh (using silicon-based anode to increase capacity) Energy density: 900Wh/L Cycle life: 1,000 times > 70% SOC Charge rate: 1.2C Wide-range temperature application: charging, 0~60°C; discharging, -20~63°C

BUSINESS

Product and Use Cases	Product Image	Key Features and Specifications
Tablets — pouch battery.		High capacity: 10,000mAh (using silicon-based anode to increase capacity) Energy density: 727Wh/L Cycle life: 1,000 times > 80% SOC Charge rate: 1.2C Wide-range temperature application: charging, 0°C-50°C; discharging, -20°C-60°C
Smart home appliances: vacuum robots — ternary battery		Xinyuan (欣元) 001, the first smart battery cell in the industry specifically for vacuum robots, which can accurately detect the voltage, current, temperature and other parameters of a single battery cell in real time AFE (Analog Front End) + MCU (Microcontroller Unit) integrated architecture to improve system integration and reliability 29 security alerts and smart security interaction Cloud-based AI collaboration to achieve remote monitoring, data analysis, early warning notification, predictive maintenance, etc.

BUSINESS

Product and Use Cases	Product Image	Key Features and Specifications
Mobility: e-scooters — LFP battery		The first ultra-fast charging battery in the industry specifically for e-scooters: capable of reaching 80% charge in just 20 minutes; 5KW+ strong power output in a single battery Support lossless parallel connection of 2 to 4 batteries on a random basis to improve vehicle power and extend battery life Ultra-long cycle life: 2,000+ times High safety: passed the nail penetration test, heat diffusion, extrusion, shock and other extreme abuse tests
Wearable devices: AI glasses — pouch battery.		Rated capacity: 255mAh Energy density: 493Wh/L Cycle life: 500 times > 80% SOC Charge rate: 3C Wide-range temperature application: charging, 0°C-60°C; discharging, -20°C-60°C
Smart hardware: TWS earbuds — coin battery.		Rated capacity: 64mAh Energy density: 484Wh/L Cycle life: 500 times > 80% SOC Charge rate: 4C Wide-range temperature application: charging, 0°C-60°C; discharging, -20°C-60°C

BUSINESS

We have achieved mass production of various consumer battery cells with significant advantages in terms of cyclic energy retention capability, low expansion and high energy density. We will further expand our technology layout for emerging consumer electronics based on the existing consumer battery cell products. We plan to focus on developing a new generation of miniaturized high-energy batteries for wearable and miniature devices such as TWS earbuds, smartwatches, AR/VR glasses, by optimizing material systems and structural designs to enhance product spatial adaptability and power consumption matching efficiency, thus meeting the core needs for lightweight and long battery life in highly integrated use cases. At the same time, for the high-end mobile phone and ultra-thin laptop markets that have higher requirements for battery shapes and performance, we will accelerate the engineering implementation of high-voltage systems and ultra-thin irregular battery cells. By leveraging our accumulated expertise in integrated battery cell technology, which combines battery cells into one compact module, we will build a system solution that combines high energy density with structural integration, providing customized and platform-based product support for brand customers, further enhancing our technological leadership and market penetration in the consumer battery sector. When developing new consumer electric batteries, we are committed to optimizing size, reducing weight, extending battery life, and further improving safety performance while maintaining high energy density, so as to enhance user experience and provide the potential for multiple scenarios application.

Below sets forth certain details of our upcoming consumer battery products:

Product Category	Product Features	Planned Launch/ Mass Production Time
Mobile phone battery . .	High energy density: 930Wh/L	Fourth quarter of 2026
Laptop/tablet battery . .	High energy density: 950Wh/L	Fourth quarter of 2026
TWS earbuds battery . . .	Features built-in noise- canceling technology to eliminate current noise, reducing noise levels by 6-9 dB for users	Third quarter of 2026
AI-powered smart glasses battery	Adopt stack process with high energy density and silicon doping ratio of about 20%	Third quarter of 2026

EV Battery

Our EV battery business has been steadily expanding in recent years. In 2024, our EV battery sales volume reached 25.3 GWh, representing a year-on-year increase of 125.9% from 2023 to 2024. We have established a product system covering various power systems for new energy vehicles, including BEV, EREV, PHEV and HEV. According to CIC, in 2024, we ranked among the top ten EV battery manufacturers globally by shipment volume and were the fastest-growing company among the world’s top ten EV battery manufacturers measured by shipment growth rate from 2023 to 2024.

BUSINESS

Operation Model

Our production and operations are primarily driven by the customized requirements of NEV OEMs. In planning for future sales, we take a comprehensive approach that incorporates customer-provided forecasts, our own market research, the market penetration of relevant vehicle models, and the customers’ historical sales performance to arrive at a reasonable estimate of demand.

To further enhance the sustainability of our business and resource utilization efficiency, we actively promote a platform strategy during the product development process. By designing and developing products on a unified platform, we enable products on the same platform to be adaptable to multiple customers and various vehicle models. This not only meets the diverse needs of customers but also increases the generality and reusability of products, effectively alleviating the adverse impact of high customization levels or single customer sales fluctuations on overall business.

At the production execution level, our flexible production lines can adjust within a reasonable range when customer demand changes, ensuring the stability and continuity of the overall production plan. At the same time, most of our production lines are compatible lines and can support mixed-line production of various model products, which helps improve production line utilization, optimize resource allocation, and enhance overall operational flexibility.

Main Customer Base

Our customers include major domestic automakers as well as several leading international brands, with whom we have established strategic cooperation across multiple vehicle models. Certain products have already been adopted for large-scale vehicle installation. We have become an important EV battery supplier for well-known car manufacturers such as Li Auto, XPeng, Leapmotor, GAC, SAIC, Renault and Nissan, and in recent years have been appointed as the supplier by international customers like Volvo and Volkswagen. According to CIC, we have established business relationships with eight of the top ten global new energy vehicle manufacturers in terms of sales volume.

Key Technological Capabilities

We have built a research and development and product system in the EV battery field that covers multiple technological routes, product forms, and use cases, possessing full-chain technical capabilities from the development of cell material systems, cell structure design and BMS to system integration solution optimization. We have achieved parallel development of both ternary materials and lithium iron phosphate systems, covering prismatic, pouch, and cylindrical cell structures, and supports all vehicle models for BEV, EREV, PHEV, and HEV platforms. At the system level, we have established a modular integration solution that

BUSINESS

combines the features of CTP, CTB, and CTC architectures, offering high energy efficiency and structural flexibility, supporting deep adaptation to different vehicle models. Our core technological highlights in the EV battery field include:

- **BEV ultra-charging platform.** We have launched “Flash Charge” battery products compatible with 800V high voltage and 400V standard systems. In 2024, we released the “Flash Charge Battery 3.0” series — the LFP Xin Xing Chi (LFP欣星馳) and the NCM Xin Xing Yao (NCM欣星耀) batteries, with a maximum charging rate of 6C, allowing for 500-700 kilometers of charging in just 10 minutes. Specifically, the LFP Xin Xing Chi battery has an energy density of 450 Wh/L and a system volume utilization rate exceeding 73%. We have already achieved mass production of 6C products, which feature a system-level grouping efficiency of 80% and thermal diffusion suppression capability with zero thermal diffusion throughout the entire life cycle and have developed 10-12C ultra-fast charging technology and capabilities. In April 2025, we released our new core products, the “Flash Charge Battery 4.0” series — Xinxingchi 2.0 KA Ultra-Fast Charging Battery, Xinxingchi 2.0 Long-Range Battery, and Xinxingyao 2.0 KA Ultra-Fast Charging Battery, which has further enhanced ultra-fast charging and long-range capabilities. Among them, the Xinxingchi 2.0 KA Ultra-Fast Charging Battery is the world’s first ultra-fast charging battery to achieve a charging current of 1,400A.
- **EREV and PHEV battery platform.** We have developed plug-in hybrid battery products that cover a driving range of 100-500 km, with 2C-6C charging rates, suitable for scenarios requiring fast refueling, high energy efficiency, and safety. Related products have been adopted by customers and mass deliveries have begun.
- **HEV battery platform.** We have completed the development of the third generation HEV high-power cell platform and achieved mass production, with total shipments exceeding 1.6 million units. The products feature high power output, long cycle life, high safety, and cost control advantages, supporting 120 kW peak discharge, -30°C cold start, and over 100,000 cycles of use.
- **High-precision BMS control capabilities.** Our battery management system features high precision in both physical measurement and system estimation, delivering enhanced battery efficiency and vehicle control. Specifically, our BMS achieves voltage detection accuracy within $\pm 3\text{mV}$, temperature monitoring within a margin of 2°C , and state-of-charge (SOC) estimation with less than 3% error. The system also ensures stable transmission of critical data, supporting intelligent vehicle control and diagnostics.
- **System integration capability.** We build integrated system solutions that combine the characteristics of CTP, CTB, and CTC technologies, with modular and structurally flexible design capabilities. This supports both upright and inverted arrangements of battery cells, making it adaptable to various vehicle platform structures, resulting in high space utilization and integration efficiency to meet the customized needs of different customers.

BUSINESS

Key Product Features

Our EV battery products have significant advantages in several key performance indicators and can meet the comprehensive requirements of various models in the new energy vehicle sector in terms of driving range, charging efficiency, safety, and system integration.

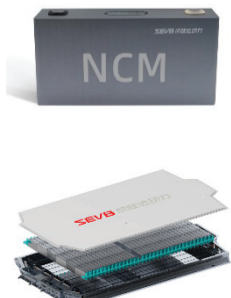
- **Outstanding ultra-fast charging capability.** Our EV batteries’ charging rates range from 2C to 12C, and we have already achieved mass production of 6C ultra-charging products. Our 6C products meet the fast-charging demand of 500-700 km of range within 10 minutes under the 800V high voltage platform.
- **Leading energy density.** Through material system optimization and structural integration efficiency improvements, our main BEV product platform achieves an energy density of 450Wh/L. Coupled with system-level integration efficiency, this extends the vehicle’s endurance range and improves the overall vehicle platform’s energy efficiency ratio.
- **Excellent cycle life.** HEV platform products support over 100,000 charge and discharge cycles, while EREV and PHEV platforms also have long lifespan performance, meeting the reliability requirements for high-frequency start-stop and deep cycling usage scenarios, thereby extending the service life of the vehicle’s battery system.
- **Strong adaptability to extreme environments.** The low-pressure pouch platform can achieve 25C pulse discharge at -20°C, and HEV platform products support cold start at -30°C, ensuring the vehicle system’s start response and stable operation in low-temperature environments.
- **BMS-Enabled Battery Performance Enhancement.** Our BMS solutions support 48V, 400V, and 800V multi-voltage platforms, enabling seamless integration across a wide range of mainstream passenger and commercial vehicle models. The system adopts a modular architecture, facilitating rapid deployment across different platforms and improving adaptability and integration efficiency. With advanced energy management strategies and comprehensive battery protection mechanisms, our BMS enhances vehicle driving range, safety, and overall performance.
- **High system integration efficiency.** A system integration solution that combines the characteristics of CTP, CTB, and CTC technologies has been constructed, supporting both upright and inverted arrangements of the battery cells, providing good structural flexibility and platform adaptability, with over 73% system volume utilization and over 80% grouping efficiency, significantly improving the vehicle’s space utilization efficiency and structural integration performance.

BUSINESS

Key Products

Our products encompass battery cells, modules, BMS, and packs. We are committed to providing competitive and scenario-based EV battery solutions to our customers. Through our multi-material systems, various structural forms, and coverage of multiple vehicle models, we can offer customized and systematic key EV battery products for various vehicle models such as BEV, EREV, PHEV and HEV.

Below sets forth certain details of our key EV battery products:

Use Cases	Product Image	Key Parameters and Main Features
Passenger vehicles: HEV — Prismatic NCM battery.	 HEV battery	High power: 60C flash charging, 70C flash discharging Long life: 300,000km with “zero attenuation” of power; cycle life of over 100,000 cycles Operation at ultra-low temperature: -30°C~60°C, discharge power at low temperature: 7-12kW at -30°C
Passenger vehicles: BEV — NCM battery	 Xinxingyao (欣星耀) ultra-fast charging battery 2.0 — kA ultra-fast charging version	Peak discharge rate of 8C, $\geq 1,000A$ Fast charge: 700km of range added within 8 minutes of charging (10% to 80% SOC) Long life: 200,000 kilometers for 10 years
Passenger vehicles: BEV — LFP battery	 Xinxingchi (欣星馳) ultra-fast charging battery 2.0 — kA super-fast charging version	Peak discharge rate of 12C, $\geq 1,400A+$ 450km of range added for 5-minute recharge; Long life: 200,000 kilometers for 10 years

BUSINESS

Use Cases	Product Image	Key Parameters and Main Features
Passenger vehicles: BEV — LFP battery	 Xinxingchi (欣星馳) ultra-fast charging battery 2.0 — long endurance version	Peak discharge rate of 6C, $\geq 900\text{A}+$ Fast charge: 560km of range added within 10 minutes of charging (10% to 80% SOC) Long life: 200,000 kilometers for 10 years Ultra-long range: 800km+ for the vehicle
Passenger vehicles: EREV-LFP/NCM battery.	 EREV battery (增混電池)	Fast charge: 8-15 minutes to 80% SOC Long driving range: 150-400km+ pure electric range Long life: 10 years or 300,000km+ design life
Commercial use — LFP battery.	 Commercial vehicle battery	High energy density: $>190\text{Wh/kg}$ Fast charge: 10% to 80% SOC in 15 minutes Long cycle life: $\geq 6,000$ times High energy density: $>160\text{Wh/kg}$ High safety: Leveraging on the 3D liquid-cooled box structure and directional pressure-relief technology, the modular platform meets the NTP non-thermal diffusion standard. The CTP module-free design improves the volume utilization rate of battery pack by 20%, and supports flexible power configuration of 140kWh-804kWh

BUSINESS

We will upgrade our product layout around high-voltage platforms and ultra-fast charging technology to promote continuous breakthroughs in overall performance and system integration capabilities. We are accelerating the development of a new generation of “flash charging” platform batteries to meet the needs of high-end BEVs for extremely fast energy replenishment and platform compatibility. For hybrid models such as HEV, EREV and PHEV, we will further improve the standardized battery combination with high power output, high cycle life and low-temperature cold start capability, and enhance the adaptability and system stability under different power modes. In the direction of the BEV platform, we are promoting the development of pack integration solutions that integrate high energy density and lightweight, striving to achieve the optimal use of structural space while improving the endurance of the vehicle, to match the dual requirements of high-end passenger vehicle platforms for battery performance and vehicle integration. The following table sets out the details of our main EV battery products we are about to launch:

Product Name	Product Features	Planned Launch/ Mass Production Time
Hybrid battery — large cylindrical series	Multi-scenario compatibility, support 6C fast charging; suitable for A00-A segment cars	Fourth quarter of 2025
Hybrid battery — ultra-fast charging prismatic aluminum shell series	8C hybrid battery, support 400-800V structures; pure electric range over 400km	Fourth quarter of 2025
Xinyunxiao (欣雲霄) soft solid-state battery cell	Ultra-high energy density: 360Wh/kg Ultra-long cycle life: 1,800 times Continuous discharge at a high rate of 10C Ultra-wide temperature range: -35°C- 80°C	Third quarter of 2026
Low-voltage pouch battery cells	Use nanometer-sized lithium iron phosphate and high-power negative electrode achieving ultra-low temperature pulse discharge performance, and supporting 25C start-stop conditions at -20°C	Fourth quarter of 2025

BUSINESS

Product Name	Product Features	Planned Launch/ Mass Production Time
Sodium-ion battery	High energy density: 160-180Wh/kg Ultra-low temperature discharge: 1C discharge capacity maintenance rate of over 80% at -40°C High-rate discharge: 10C discharge capacity maintenance rate of over 90%	Fourth quarter of 2025

ESS Battery Cell

Leveraging our EV battery production capabilities, we have built a product portfolio for ESS battery cell and gradually developed our ESS battery cell business with independent R&D capabilities, platform architecture and large-scale delivery capabilities. We have adopted a unified R&D structure for key aspects such as material systems, structural design, safety verification, simulation and engineering processes. We are able to apply our accumulated technological expertise and experience from our EV battery business to our ESS cell business, forming a synergistic R&D mechanism. At present, our pipeline ESS battery cell products include standardized products such as 280Ah, 314Ah and we have introduced 588Ah and 684Ah ultra-large capacity cells to meet the performance and cost needs under diversified energy storage scenarios.

ESS

Our ESS business is our fastest growing business line. In 2024, our ESS sales volume reached 9.6GWh.

Operation Model and Core Customers

We provide customers with high-performance, high-reliability integrated energy storage solutions through customization and joint research and development with our customers. According to different market demands and use cases, we have built four major product lines covering utility-scale storage, industrial and commercial storage, residential storage and data center storage, which can cover the diversified energy storage needs from centralized power systems to individual user sides.

BUSINESS

Our ESS customers are diverse, including grid operators, renewable energy developers, leading ESS integrators, and infrastructure investors. We have proven track records of successful completion of large-scale solutions in markets around the globe. As of September 30, 2025, we had established commercial relationships with the world’s top five AC-side ESS brands by shipment volume in 2024, according to CIC.

Key Technological Capabilities

We continue to promote innovations in large capacity, high safety, and system-level integration in the field of ESS, and build an energy storage technology system with system equipment as the core and software platform as the support:

- **ESS battery cell development capability.** We have a leading advantage in the development of ultra-large capacity ESS battery cell. We were one of the first ESS manufacturers to launch 314Ah cells, according to CIC. “Xinyue (欣岳)” 625Ah battery cell we launched in 2024 is the first product in the industry featuring single-cell precision 2kWh electricity and three-year zero degradation, with excellent energy density, safety stability and cycle life, according to CIC. We also introduced 588Ah cells and 684Ah super-large cells, further enhancing the performance in energy density, efficiency, and system integration while reducing product costs. Our products cover a wide range of applications from industrial and commercial energy storage to centralized power energy storage, allowing for system configuration flexibility and cost optimization.
- **System integration and equipment capabilities.** In 2024, we pioneered the launch of the world’s largest 2MWh liquid-cooled mobile energy storage vehicle at the 10-meter level, significantly improving the system’s mobile deployment capabilities, integration efficiency, and scenario adaptability. Equipped with a liquid-cooled outdoor system and standardized transportation interface, flexible deployment and standardized operation and maintenance are achieved.
- **Smart control and safety system.** We independently develop BMS (battery management system) and EMS (energy management system), integrating thermal management and dual redundant protection mechanism health status prediction technology to enhance system operation efficiency, safety warning capability and multi-system grid-connected response capability.

BUSINESS

Key Product Features

Our ESS excels in key performance indicators, as shown below:

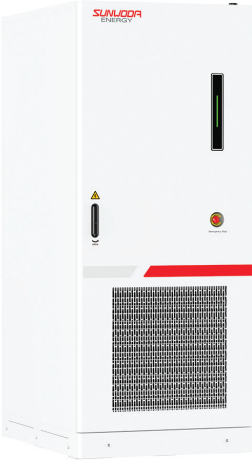
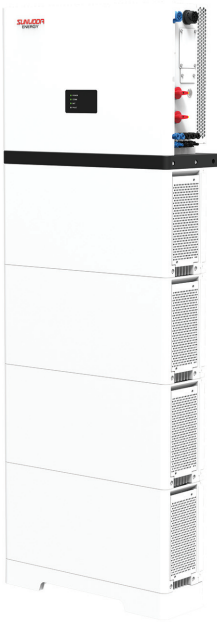
- **High energy density and long life.** With core advantages such as high energy density and long life, our battery cells support a life duration of 15 to 20 years and are incorporated with thermal management and safety control technology, which is suitable for operation in frequent use scenarios, such as grid regulation and new energy grid connection.
- **Excellent safety and reliability.** Combining intrinsically safe cells, three-level thermal control solutions and intelligent diagnostic systems, our ESS meets the certification requirements of the international mainstream market and effectively reduces the risks of thermal runaway, short circuit and environmental stress.
- **Strong environmental adaptability.** The system can operate stably under complex working conditions such as high temperature, low temperature, high humidity, and high altitude. It has wide global scenario compatibility and is suitable for a variety of scenarios.

Key Products

As of the Latest Practicable Date, the representative products, features and use cases of our ESS are as follows:

Use Case	Product Image	Key Parameters and Main Features
Power grid energy storage	 NoahX 2.0 Liquid Cooling ESS	Battery cell specification: 3.2V/314Ah High capacity: 5,015kWh Charge and discharge rate: 0.5P Wide temperature application: -30°C-55°C Long life: ≥ 10,000 times for cycle life, ≥ 20 years for calendar life High safety: adopts “lithium iron phosphate + graphite” system and an olivine crystal structure

BUSINESS

Use Case	Product Image	Key Parameters and Main Features
Industrial and commercial energy storage		Battery cell specification: 3.2V/314Ah Nominal capacity: 261kWh Rated power: 125kW Wide temperature application: -30°C-55°C High safety: multi-level fusing design; thermal runaway monitoring and early warning
Residential energy storage		Runner design improves heat dissipation efficiency Battery capacity: 10-30kWh Maximum charge and discharge power: 5-15kW Battery module voltage range: 350~450V Wide temperature application: -10~50°C All-in-one machine: modular, simple and compact structure High safety: short circuit protection; optional arc fault protection; optional fast shutdown Supports 100% three-phase unbalanced load

BUSINESS

Use Case	Product Image	Key Parameters and Main Features
Data center storage	 SSI-480140A4F1	Nominal capacity: 140Ah Nominal voltage: 512V Maximum continuous discharge current: 700A High safety: pack-level short-circuit protection and fire protection solution High power: the maximum power of a single cabinet is 300kW, suitable for high-power short-term backup Equipped with intelligent battery monitoring system Battery cell specification: 3.2V/314Ah
Mobile energy storage vehicle	 Xinjiyuan 2000 (欣紀元2000) 10-meter-class liquid-cooled integrated mobile energy storage vehicle	Ultra-large capacity: 1,929kWh Rated power: 768V High power output: 800kW High safety: pack-grade perfluoro fire protection Integrating liquid-cooled energy storage batteries, BMS, PCS, EMS, charging piles and vehicles Suitable for various use cases such as power grid maintenance, emergency rescue, event power supply, mobile charging, temporary power supply for construction, etc.

BUSINESS

In terms of ESS products, we will continue to enrich the packaging form of the system, and expand various standardized and customized solutions including containerization, cabinet type and vehicle-mounted type to meet the deployment requirements in different scenarios. Through diversified packaging design, we will further enhance the system’s flexible deployment capabilities, safe operation level and intelligent operation and maintenance, and enhance the adaptability and response efficiency in multiple applications such as grid regulation, industrial and commercial energy storage, and emergency power supply. The following table sets out the details of our major ESS products we are about to launch:

Product Name	Product Features	Planned Launch/ Mass Production Time
12.5MWh liquid-cooled container	Adopting 600+Ah large battery cells High energy density: 30-foot container energy reaches 12.5MWh The top-outlet dual-system water-cooling machine design avoids the heat island effect of the station and reduces noise High safety: battery cells are separated from liquid and electricity, and nano-level insulation materials are used between battery cells to prevent the spread of thermal runaway Separate box design for easy transportation	2026
835kWh Cells to Rack liquid-cooled integrated cabinet	600+Ah large battery Compared with the traditional structure, the CTR structure design reduces the number of parts and achieves cost reduction AC-DC integrated design, higher integration Adopting liquid-cooled 430kW PCS to achieve IP66 protection level The top-outlet dual-system water-cooling machine design avoids the heat island effect of the station and reduces noise	2026

BUSINESS

Others

To better meet the diverse needs of customers throughout the product life cycle, enhance customer stickiness and improve overall business synergy, we have expanded into complementary business lines including precision structural components, smart hardware, battery recycling and battery testing. These complementary business lines help to support our main battery businesses, extend use case possibilities and create a sustainable closed-loop ecosystem that fosters customer stickiness.

Precision Structural Components

We develop and manufacture precision structural components, including precision molds and various structural components, which are widely used in products such as mobile phones, tablets, smart home appliances and smart wearable devices. We possess advanced production capabilities in key processes such as mold design and manufacturing, injection molding, spraying, non-conductive vacuum metallization, computer numerical control machining and assembly. In addition, we have been continuously optimizing our production through automation, informatization and intelligent technologies to enhance production precision and consistency, lowering defect rates while meeting customers’ comprehensive requirements on product appearance, structure and functionality.

Precision structural components are essential part of consumer electronic products, serving key functions such as support, protection, connection and heat dissipation. They are fundamental components that ensure structural stability and functional performance, generally tailor-made from metal, plastic, or composite materials, forming the main framework to provide a stable housing for core parts such as batteries, motherboards, and display modules. Precision structural components effectively shield against factors such as dust and moisture and enhance the reliability and durability in different scenarios. They are commonly used in the middle frame and cover plate of mobile phones, the back shell of tablets, the casing of smartwatches and the housing of robotic vacuum cleaners. We mainly supply these components for smart devices such as mobile phones, tablets and wearables, as well as for smart home appliances like robotic vacuum cleaners. Unit prices vary significantly depending on factors such as material selection and technical specifications.

The table below sets forth the representative product types and their typical price ranges during the Track Record Period.

Product Type	Typical Price Range (RMB per Unit)
Smart device structural components.	Less than 0.1 – 196.5
Smart home appliance structural components.	Less than 0.1 – 190.0

BUSINESS

Smart Hardware

Leveraging our technological capabilities in precision structural component manufacturing and miniaturized integration of batteries, we have expanded into providing OEM and ODM services for intelligent hardware terminal products. These include cleaning robots, personal care products, smart pens, AR/VR glasses, TWS earbuds, and smartwatches. Our smart hardware business helps foster stronger collaboration with our customers and enhances system optimization capabilities in structural design, battery matching, and functional integration.

Our smart hardware business included a wide variety of products, with unit prices vary depending on product complexity and the level of functional integration. The table below sets forth the representative product types and their typical price ranges during the Track Record Period.

Product Type	Typical Price Range (RMB per Unit)
Smart pen	36.1 – 272.6
Cleaning robot	288.7 – 2,138.7
Electric toothbrush	13.8 – 256.6
Pool cleaning robot	224.3 – 2,976.5
Electric scooter	973.2 – 2,781.1
Smart lock	159.8 – 2,006.0
Energy storage inverter	1,451.0 – 8,919.7

Battery Recycling

We promote the cascade utilization and resource recycling of retired batteries, exploring key technological pathways including cathode and anode material recycling, electrolyte separation and purification. Our battery recycling business builds a closed-loop recycling and utilization system for our customers, helping them fulfill their environmental compliance responsibilities and aligning with the global trend toward sustainable manufacturing and a circular economy.

Battery Testing

Our battery testing business mainly includes certification and testing services for battery manufacturers or users to assist them in evaluating the standard adaptability of their products in terms of quality, safety, performance and environmental compliance. Based on the entrustment of our customers, we conduct various tests on the battery products using our in-house laboratory resources or by engaging external testing and certification agencies and certification platforms, and issue professionally validated test reports. The tests we conduct usually include but are not limited to temperature measurement, short circuit tests, abnormal charging tests, forced overcharge and discharge tests, restricted voltage evaluations and mechanical performance tests.

BUSINESS

In addition, we continue to expand our complementary businesses to address evolving customer needs. For example, leveraging our capabilities in producing high performance battery cells, we supply consumer battery cell products to external customers.

Sales Volume and Average Selling Price

The following table sets forth the sales volumes and average selling prices (net of tax) of our consumer battery, EV battery and ESS products for the periods indicated:

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
Sales volume					
Consumer battery					
(in millions)	483.5	495.3	586.3	446.3	473.0
EV battery (GWh) . . .	11.4	11.2	25.3	15.1	27.2
ESS (GWh)	4.0	4.6	9.6	5.4	15.2
Average selling price⁽¹⁾					
Consumer battery					
(RMB/unit)	66.2	57.6	51.9	47.2	47.6
EV battery					
(RMB/Wh)	1.1	1.0	0.6	0.7	0.5
ESS (RMB/Wh)	0.1	0.2	0.2	0.1	0.1

Note:

- (1) The changes of average selling price of consumer battery and EV battery during the Track Record Period primarily reflected the changes of raw material prices such as lithium carbonate and lithium cobalt oxide, see “Industry Overview — Cost Analysis of Lithium-ion Batteries.” The average selling price of ESS increased from RMB0.1 per Wh in 2022 to RMB0.2 per Wh in 2023, primarily due to an increase in the proportion of sales of products using our self-supplied battery cells.

For the breakdown of sales volume and average selling price by geographical market for consumer battery, EV battery and ESS, see “Financial Information — Principal Components of Our Consolidated Statements of Profit or Loss — Revenue — By Product Type— Sales Volume and Average Selling Price.”

BUSINESS

RESEARCH AND DEVELOPMENT

R&D and innovation are at the core of our business, and we are committed to continuously investing in R&D to stay ahead of industry trends and technological advancements. In 2022, 2023, 2024 and for the nine months ended September 30, 2024 and 2025, our research and development expenses were RMB2,741.8 million, RMB2,710.6 million, RMB3,330.2 million, RMB2,267.6 million and RMB3,202.0 million, respectively, representing 5.3%, 5.7%, 5.9%, 5.9% and 7.4% of our total revenue for the same periods, respectively.

Our R&D Philosophy

Our R&D philosophy is built on the core principle of meeting customer needs, staying ahead of industry trends, and developing our own core technology. We are dedicated to driving innovation and continuously optimizing our product offering and technologies. Each of our business lines has formulated unique R&D strategies tailored to its market position and growth objectives, ensuring that we maintain our technological competitiveness within the industry.

In the consumer battery sector, we focus on quickly responding to customer needs and shortening product iteration cycles. Our R&D efforts are focused on improving energy density, ultra-fast charging capabilities and battery cycle life. To meet the growing market demand for devices with longer battery lifespan and runtime, we are committed to improving the energy storage capacity of batteries through R&D on innovative battery designs and new battery materials. At the same time, we continue to optimize our charging technologies to reduce charging times and enhance charging efficiency. In addition, we place significant R&D emphasis on battery lifespan to ensure long-term stability and high efficiency. Furthermore, we are actively pursuing technology breakthroughs, such as silicon-carbon anode materials and solid-state battery technology, aiming to further improve battery safety, reliability and overall performance.

In the EV battery sector, we focus on the differentiation and platform development of technology to meet the diverse needs of different customers and markets. We focus our R&D efforts on the efficiency of technology conversion and the adaptation of battery technology to actual use cases. The customized battery solutions we develop are optimized to support the needs of different EV models while ensuring high performance. In addition, modular design is also the focus of our technological development. By optimizing the modular design of the battery systems, we are able to improve production efficiency, reduce costs, and improve system flexibility and adaptability to better accommodate various use cases. We are also focusing on ultra-fast charging R&D to improve battery charging speed and charging safety, to meet growing market demand.

In the ESS sector, our R&D efforts are centered on high capacity, long lifespan, and high safety. We are accelerating the development of super-large cells and are committed to improving the energy storage capacity of batteries to meet the needs of the large-scale energy storage market. At the same time, we focus on extending the lifecycle of batteries and enhancing their safety, ensuring the stable operation of ESS in various environments and reducing maintenance costs. In the research and development of high-efficiency systems, we continue to optimize the energy conversion efficiency of batteries and improve the overall performance of our ESS.

BUSINESS

Our R&D Team

As of September 30, 2025, our R&D team consists of 10,020 full-time employees, covering multiple product lines. Our core team members generally have more than ten years of experience in the lithium-ion battery industry, with expertise in key areas such as material development, structural design, system integration and process engineering. We have established a full-chain R&D system spanning forward-looking research, platform development and product implementation, mainly including the following three platforms:

- **Group research institute.** Our group research institute is responsible for the R&D of new battery materials, new systems, cell structure and underlying mechanisms. The institute has specialized groups with different technological focuses such as materials, safety and reliability, simulation and AI and cell structure, ensuring robust medium- and long-term innovation pipelines in key strategic directions.
- **Product development platform.** Our product development platform focuses on the development of battery cells, modules systems and packs. It oversees the entire product development process from project initiation, product/solution design, sample testing to mass production introduction of specific projects. The product development platform also coordinates the strategic application and layout of intellectual property rights.
- **Research project management platform.** Our research project management platform serves as the operation center throughout the entire R&D process, coordinating cross-platform resource allocation and milestone tracking. It is responsible for technological pathway evaluations, R&D process management and efficiency improvement, ensuring comprehensive oversight of R&D projects in terms of cost, schedule and quality.

Our R&D Centers

We have established R&D centers in multiple geographical locations. Each center has a relatively independent R&D focus. Together, the centers form a comprehensive R&D network covering material systems, battery cell structures, system control and manufacturing processes. Our R&D centers play a vital role in promoting technological innovation, improving product performance and supporting the development of business lines. The following table sets forth certain details of our R&D centers:

Name	Location	Main R&D Focus
Institute of Innovation (創新研究院)	Shenzhen, Guangdong	Products: mobile phone batteries, tablet and laptop batteries, smart mobility batteries, smart hardware batteries, etc. Technological areas: long endurance, ultra-fast charging, long lifespan, strong safety, diversification, etc.

BUSINESS

Name	Location	Main R&D Focus
Xindong Energy R&D Center (欣動能源研發中心)	Lanxi, Zhejiang	Products: electric two-wheeled vehicles, service robots, and low-altitude aircraft Technical areas: high energy density, ultra-fast charging technology, intelligent BMS management technology, system integration technology, digital twin system based on terminal-cloud synergy, battery system life cycle safety protection technology, deep learning-based battery fault diagnosis and safety early warning
Power R&D System — Guangming Park	Shenzhen, Guangdong	Advanced technology development: advanced cell materials such as cathode and anode materials/electrolytes/separators, cell structures, solid-state/semi-solid-state batteries, lithium metal batteries, sodium-ion batteries, mechanism research, safety and reliability, simulation and AI, etc.; BMS; system integration technology and battery system product development, including thermal management and battery structures. The technology and product use cases cover passenger vehicles, commercial vehicles, low-altitude aircraft, electric ships and machinery.
Power R&D System — Boluo Park	Huizhou, Guangdong	Technology and product development of EV battery cells and ESS battery cells; engineering application transformation research and development of cells and system (including pilot test, mass production, test and verification)

BUSINESS

Name	Location	Main R&D Focus
Energy Storage Business Unit ESS Development Department (儲能事業部 儲能系統開發部)	Shenzhen, Guangdong	Products: utility-scale energy storage, industrial and commercial energy storage, mobile energy storage vehicles, residential energy storage, data center storage, BMS, smart power supply, etc. Technological areas: high energy efficiency, high safety, high reliability and diversification
Liwinon R&D Center/Liwinon R&D System (鋰威研發中心/鋰威研發系統)	Group-based R&D platform, R&D personnel and R&D resources are distributed in Huizhou, Lanxi and Dongguan according to the direction and focus of the product lines of the plant.	Material system, consumer battery cell development, cell structure, manufacturing process, advanced technology and mechanism research, etc.

Our R&D Model

We adopt a hybrid R&D model that is primarily based on in-house R&D, supplemented by external collaborations with R&D partners to achieve continuous exploration of advanced technology and rapid response to market demands.

- For in-house R&D, we have established a three-level R&D system covering forward-looking exploration, platform pre-research, and customer customization, driven by customer projects and technical platform topics. We have full-process technology transformation from fundamental materials research to product engineering implementation through the collaborative operation of our group research institute, product development platform, and project management platform. Our technical expert committee oversees the planning and coordination of our R&D directions and major initiatives, conducting reviews at different stages such as project initiation, milestones, and closure to ensure that our R&D activities are systematic, efficient, and forward-looking.
- In terms of external cooperation, while maintaining our position as the main body of independent R&D, we actively expand multi-level external cooperation paths, which mainly include the following two types of models:
 - Joint R&D with key customers.** We have established joint R&D projects with certain key domestic and overseas customers on key areas such as high energy density cells, new structural components, ultra-fast charging, and long-life performance. Our agreements with our customers outline the ownership of intellectual property rights. The arrangements are subject to case-by-case negotiation and generally falls into one of the following categories: co-ownership between the customer and us, sole ownership by the customer, or sole ownership by us. Under the situation where the customer owns the resulting intellectual property, we typically negotiate either the payment of a

BUSINESS

certain R&D service fee by the customers or more favorable commercial terms, such as increased order volumes. The R&D fees received under such arrangements were immaterial during the Track Record Period. Through mechanisms such as project co-development, shared validation, and resource sharing, we promote rapid technological development and industrial application, enhancing the compatibility of our products with customer needs and strengthening customer loyalty.

- **Joint R&D with academic institutions.** We have established joint projects with research institutions such as Tsinghua University, South China University of Technology, and Southern University of Science and Technology, focusing on new electrode materials, electrolyte systems, electrochemical mechanism modeling, AI algorithms, and simulation verification. The focus of our joint R&D projects are on innovative technologies with high technological barriers and long-term value potential. Our cooperation agreements with our R&D partners clearly outline the ownership of intellectual property rights, cost-sharing arrangements, and joint achievement declaration pathways, ensuring that the collaboration is standardized and efficient with well-defined ownership of the R&D outcomes.

We have established a comprehensive decision-making system that fosters cross-platform and cross-departmental collaboration. Supported by our technological expert committee, this system maintains professional oversight over our R&D initiatives, ensuring that our research and development directions and implementation strategies are scientific, forward-looking, and practical.

Our Key Technologies

We have accumulated key battery technologies for various use cases such as consumer electronics, EVs, and ESS. Our technologies cover material systems, cell structures, system integration, and algorithm optimization. The specific aspects include the following:

High Efficiency Technology

We continuously make breakthroughs in the fields of high energy density and high-rate fast charging, building multidimensional high-efficiency solutions. By introducing a high voltage system (with a voltage platform increased from 4.45V to 4.53V), high-nickel cathode materials, and a high proportion of silicon-carbon anode combination into consumer battery cells, we have achieved a volumetric energy density of over 850Wh/L, with a goal to surpass 1,000Wh/L. In the EV battery sector, we have launched “flash charge” battery cells that support charging rates of 6C to 12C, allowing for efficient recharging in 8-10 minutes, and have completed product layouts compatible with mainstream high-voltage platforms (400V, 800V, and 1,000V). Furthermore, through optimizing pack structural design and BMS control strategies, we have built a system-level energy efficiency coordination mechanism to improve the overall pack energy utilization.

BUSINESS

Long Cycle Life

To meet the needs of long-lasting performance for smart devices and long-term warranties for EVs, we focus on extending battery cell lifespan. By optimizing electrolyte formulations, structural protection designs, and thermal management systems, we have achieved a cycle life of 1,200 to 1,600 cycles for consumer battery, 2,500 to 6,500 cycles for EV battery, and 8,000 to 12,000 cycles for ESS battery cell. On this basis, we have developed an AI-assisted battery cell lifespan prediction model and a digital twin simulation platform to enhance the prediction accuracy of battery aging behavior under multiple tasks and extended durations, thus enabling more scientific design decisions and maintenance planning.

High Capacity and High Integration Technology

In response to the increasing trend of battery capacity and system efficiency across diverse scenarios, we are strategically focusing on the R&D of large-capacity battery cells and integrated architectures. For consumer battery cells, our products have exceeded capacities of 7,000 to 8,000mAh and are progressing towards 10,000mAh to support the ongoing demand for longer battery life in smart devices. For EV batteries and ESS, we have successfully launched large-capacity battery cells of 280Ah, 314Ah, 588Ah and 684Ah.

Rapid Customization and Modular Platform Capabilities

To meet the dual demands of customers for delivery speed and product differentiation, we have established a modular platform development system and implemented a multi-generation parallel development strategy characterized by “N generation + 1/N generation + 2”, shortening the new product iteration cycle to once every six months. We have the capability for rapid customization of multiple structural forms, covering packaging solutions such as canned cell, soft packs, SiP and cylindrical designs, adaptable to a wide range of scenarios including mobile phones, wearables, IoT devices, and new energy vehicles. Through cross-platform process standardization and module reuse, we have enhanced the R&D collaboration and mass production conversion efficiency among different product lines.

Safety and Reliability Technology

We consistently prioritize battery safety in product design and have established a safety protection mechanism that covers all levels from cells to modules to systems. We have introduced “safe cells” that exhibit high impact resistance and non-combustibility. For EV batteries and ESS, we have created a safety closed loop for the entire system lifecycle by introducing dual insulation structures, multi-level thermal isolation designs, and system-level BMS protection strategies. Additionally, we have a reliability verification system that meets consumer-level and automotive, grid requirements, supporting multi-dimensional testing including structure, electrical performance, and thermal stability, ensuring reliable operation of products in various scenarios.

BUSINESS

INTELLECTUAL PROPERTY

We firmly believe that independent innovation and the protection of intellectual property rights are essential for promoting the sustainable development of enterprises. Relying on continuous R&D covering key areas such as battery materials, cell structures, system integration, manufacturing processes, and intelligent control, we have established a comprehensive and in-depth intellectual property portfolio, including patents, trademarks and software copyrights in both China and overseas jurisdictions where we operate, complemented by trade secret protections, confidentiality agreements, and mechanisms for ownership of technical achievements. Together, these measures safeguard the exclusivity and commercial value of our technological discoveries.

As of September 30, 2025, we have filed 10,025 patent applications globally, of which 6,972 have been granted, spanning inventions, utility models, and design patents. We have also registered 499 trademarks and 654 software copyrights. Looking forward, we will continue to strengthen our intellectual property rights protection, ensuring the establishment of technological barriers in key markets and for core products, supporting us in our global market expansion.

For details about our major intellectual property, see “Appendix IV — Statutory and General Information — Further Information about Our Business — Intellectual Property Rights.”

Our intellectual property department is responsible for the management of our intellectual property rights and related matters, and implements intellectual property management and protection measures from the Group level. Our intellectual property department coordinates various product platforms and functional departments to implement intellectual property law compliance requirements.

In our daily operations, we have established an intellectual property compliance system covering the entire process from project initiation, technology development to achievement transformation based on the “GB/T 29490 — Enterprise Intellectual Property Management Specifications”, which clarifies the requirements for patent applications, trademark usage, results attribution, and confidentiality obligations at each stage. Four of our subsidiaries have obtained the GB/T 29490 Intellectual Property Management System Certification. Each business platform must complete the relevant intellectual property compliance review process before undertaking product development or technical cooperation. To strengthen implementation effectiveness, we also promote a tiered and categorized management system internally, where the intellectual property department conducts special reviews on key projects and establishes an intellectual property ledger for unified management.

At the same time, we have placed a strong emphasis on enhancing intellectual property awareness and operational capabilities among all employees. To this end, our intellectual property department has developed an annual training plan addressing key intellectual property topics such as patent strategy, signing joint development agreements, and overseas intellectual property risk prevention. Regular specialized training sessions are conducted for employees

BUSINESS

holding positions in R&D, project management, and legal affairs. Through training and case reviews, we strengthen employees’ awareness of responsibility regarding the identification of technological achievements, rights declaration, and maintaining information confidentiality, promoting the integration of intellectual property management into daily R&D processes.

In terms of risk control, we have implemented several internal management measures, including software and hardware compliance checks, patent searches for key technologies, infringement risk comparisons, and design avoidance suggestions. All new projects are required to undergo preliminary intellectual property searches before initiation, and we conduct periodic risk reviews during project development to ensure potential rights conflicts are identified and resolved before product finalization. At the same time, we have also established a unified risk reporting and response mechanism. In the event of suspected infringement or disputes, our intellectual property department promptly investigates and handles the issue.

During the Track Record Period and up to the Latest Practicable Date, to our knowledge, we have not faced any significant intellectual property claims that would have a substantial adverse impact on our business or operations.

PRODUCTION

We have established a mature manufacturing system featuring standardization, flexibility and intelligence to support the large-scale delivery of high-quality products.

- **Standardized manufacturing system.** We divide the customized product requirements of different customers into 40 to 50 standardized process units, which can cover over 80% of mainstream use cases. This system effectively reduced the equipment failure rate and alarm rate, significantly improved the production stability and consistency, and shortened the overall manufacturing cycle and cost. Through the standardization system, we have shortened the equipment manufacturing cycle by approximately 30%.
- **Flexible production line capability.** We have built a highly flexible production line structure, with a single changeover time for consumer battery within eight hours and an equipment reuse rate of 85%, leading the industry average. This flexible capability ensures that we can quickly respond to the switching needs of products with multiple specifications and improve the overall capacity utilization efficiency.
- **High intelligence and automation.** We deployed AI intelligent optimization technology to achieve self-optimization of equipment parameters based on real-time data, effectively improving product yield. The automation rate of some production lines has exceeded 90%, well above the industry average. The ramp-up cycle of production was reduced from the traditional one month to one week, and the efficiency was improved by over 75%. At the same time, we took the lead in applying industrial CT inspection technology on a large scale in digital product lines.

BUSINESS

We also actively promoted the application of innovative processes and the upgrade of intelligent manufacturing. For example, the annual shipment of equipment for the self-developed laser engraving process exceeds 100 units, which has supported the mass production of 120W fast-charge battery products; the first fully automatic production line for canned cells in China, of which we led the construction, adopts a magnetic levitation logistics system, increasing the production capacity per unit of factory area by 50% compared with the traditional solution. Leveraging our advantages in cross-product compatibility, conversion efficiency, automation integration, digitalization and intelligence, we were recognized as a “Digital Pilot Enterprise” by the MIIT in 2023, and an “Excellent Intelligent Factory” by the MIIT in 2025, and received a number of other industry recognitions.

The following table sets forth the details of our production volume, production capacity and production capacity utilization rate for the periods indicated:

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
Production volume					
Consumer battery					
(in million)	541.4	492.8	625.3	445.3	505.5
EV battery (GWh)	14.3	11.7	27.6	17.3	29.9
ESS (GWh)	4.1	4.9	9.3	6.4	18.4
Production capacity⁽¹⁾					
Consumer battery					
(in million)	574.6	579.7	687.3	501.7	558.9
EV battery (GWh)	17.1	27.4	39.5	27.2	46.5
ESS (GWh)	5.8	6.6	12.0	8.1	21.3
Production capacity utilization rate (%)					
Consumer battery	94.2%	85.0%	91.0%	88.8%	90.5%
EV battery	83.5%	42.8%	69.9%	63.6%	64.3%
ESS	70.7%	74.2%	77.5%	79.1%	86.3%

Note:

- (1) The effective annual capacity is taking into account adjustment periods and the impact of production line upgrades.

Our production capacity utilization rate for consumer batteries declined from 94.2% in 2022 to 85.0% in 2023, primarily reflecting a slowdown in market demand for consumer electronics, primarily attributable to longer product upgrade cycles for consumer electronics, reflecting both market saturation and reduced consumer spending under macroeconomic uncertainties and inflationary challenges in key global markets. Utilization rate rebounded to 91.0% in 2024 as demand conditions improved. Utilization rate in the first three quarters of 2024 and 2025 was affected by seasonality.

BUSINESS

Our production capacity utilization rate of EV battery declined from 83.5% in 2022 to 42.8% in 2023, mainly due to (i) driven by performance improvements, cost advantages and enhanced safety profile, demand across the industry shifted toward lithium iron phosphate batteries and we prepared to adjust our product line from primarily ternary batteries to primarily lithium iron phosphate batteries accordingly; and (ii) to a lesser extent, some of our newly-built bases still being in the ramp-up stage as we expanded our production capacity from 17.1GWh in 2022 to 27.4 GWh in 2023. Our production capacity utilization rate of EV battery increased from 42.8% in 2023 to 69.9% in 2024, mainly due to (i) our newly-built production lines entered into operation; (ii) the completion of our product line adjustment from primarily ternary batteries to primarily lithium iron phosphate batteries; and (iii) strong market demand. Utilization rate in the first three quarters of 2024 and 2025 was affected by seasonality.

Our production capacity utilization rate of ESS was 70.7%, 74.2%, 77.5%, 79.1% and 86.3%, respectively, in 2022, 2023, 2024 and for the nine months ended September 30, 2024 and 2025. The continuous increase was mainly due to the growth in market demand for ESS and our business expansion.

Production Bases

To serve our customers more efficiently and ensure production stability, we have strategically established production bases nationwide and overseas. The following table sets forth certain details of our 18 major production bases in operation:

Location	Site area (m^2)	Products	Land/property right
Shenzhen, Guangdong . .	183,753	Consumer batteries	Self-owned
	131,577		Leased
Huizhou, Guangdong . . .	728,989	Consumer batteries, EV batteries	Self-owned
Huizhou, Guangdong . . .	17,468	Consumer batteries	Leased
Huizhou, Guangdong . . .	246,805	ESS	Leased
Dongguan, Guangdong . .	33,441	Consumer batteries	Leased
Maoming, Guangdong. . .	46,972	EV batteries	Leased
Jinhua, Zhejiang	392,362	Consumer batteries	Self-owned
	509,537		Leased
Jinhua, Zhejiang	436,172	Precision structural components	Leased
Nanchang, Jiangxi	898,323	EV batteries	Leased
Longnan, Jiangxi.	60,000	Battery recycling	Leased
Nanjing, Jiangsu	133,634	EV batteries	Leased
	411,143		Self-owned
Yiwu, Zhejiang.	896,771	EV batteries	Leased
Deyang, Sichuan	358,209	EV batteries	Leased
Yichang, Hubei.	365,552	EV batteries	Leased
Zaozhuang, Shandong. . .	306,260	EV batteries	Leased
India	15,686	Consumer batteries	Leased
India	18,500	Precision structural components	Leased
Vietnam	39,318	Consumer batteries	Leased

BUSINESS

To meet growing customer demand and support our expansion into new geographical markets, we currently have Seven production bases under construction. Four of these are located domestically in Jiangxi and Shandong. Three are located in Vietnam, Thailand and Hungary, strategically positioned mainly to better serve overseas customers and control production costs.

Production Process

Our production process mainly includes the manufacturing of battery cells, modules, and battery packs.

Consumer Battery

The production process of our consumer battery is divided into (i) cell manufacturing and (ii) battery pack assembly. Cell manufacturing includes mixing, coating, compacting, tableting and winding and other processes to form the basic structure of the cell, and then complete the electrochemical activation and sealing treatment through top/side sealing, electrolyte injection and formation. Grading test is then carried out to sort the capacity of the cell, while pad printing of battery information on the surface of cell and the assembly of thermal protection components were completed to ensure the consistent performance and safety of the cell. In the battery pack assembly stage, the cells are bound to the battery management system (BMS) after insulation processing, and the electrical performance consistency is achieved through high and low voltage and capacity matching. Subsequently, the cells are assembled with the cage, and their reliability and performance are verified by preliminary function test, aging and final function test. Finally, the battery packs are put into storage after completing the visual inspection, size measurement and OQC inspection.

BUSINESS

The diagram below illustrates the key steps of our consumer battery production process:



EV battery

The production of EV battery is also divided into two main stages: cell manufacturing and battery pack assembly. In the cell manufacturing process, the basic structure of the cell is formed through procedures such as mixing, coating, winding, or stacking. This is followed by cell pairing with ultrasonic welding, connecting tab welding, top cover laser welding and initial electrolyte injection to complete the sealing and electrochemical activation. Subsequently, secondary electrolyte injection and sealing pin welding are performed, along with film wrapping or spraying treatment. Each cell then undergoes inspection to ensure its performance and quality. In the battery pack assembly stage, cells are grouped into modules through connecting tab welding and CCS installation. The modules then undergo potting and testing to ensure reliability. Electrical performance, safety, and sealing are verified through high-current connection, safety and communication testing, air-tightness testing, and ATS testing. Finally, the modules undergo visual and weight inspection, size and flatness measurement, and BTS testing before being put into the warehouse.

BUSINESS

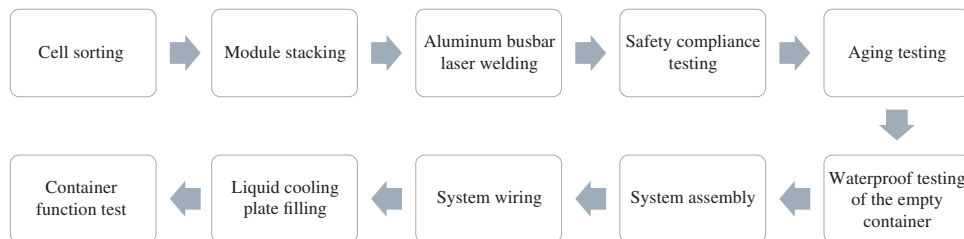
The diagram below illustrates the key steps of our EV battery production process:



ESS

The production process of ESS includes cell sorting, module stacking, aluminum busbar laser welding, safety compliance testing, and aging testing. After the cells are stacked and welded, the system enters the functional verification stage. A water spray test is conducted on the empty container to ensure its sealing performance. This is followed by system assembly, system wiring and coolant filling into the liquid cooling plate, further improving the structural and functional integration of the ESS. Finally, a container function test is carried out to ensure that the performance and quality of the ESS meet the design requirements.

The diagram below illustrates the key steps of our ESS production process:



BUSINESS

QUALITY CONTROL

Product Quality Assurance System

We have established a multi-level quality management system covering consumer battery, EV battery, and ESS, which spans the stages of cell manufacturing and battery pack system integration. This system fully adheres to international standards such as ISO 9001 (Quality Management System), IATF 16949 (Quality Management System for the Automotive Industry), IECQ QC 080000 (Management System for Hazardous Substances Process), and ISO 26262 (Automotive Functional Safety), while also obtaining product certifications such as UL (U.S. Safety Certification), IEC 62133 (EU Battery Safety Standard), and PSE (Japan Product Safety Mark) according to the regulatory requirements of different sales regions.

Our quality management work is centrally coordinated by the Group Quality Center, covering five main functions: product development quality planning, incoming quality inspection, manufacturing process control, customer quality support, and after-sales service. We have deployed quality traceability functions on the QMS (Quality Management System) platform and are promoting its integration with smart manufacturing systems to achieve data-driven, systematic, and closed-loop management of quality control.

Quality Planning in the Product Development Stage

During the product design phase, we introduce the quality planning process to ensure that quality control requirements are identified and incorporated into the design plan from the early stages of product development. We implement a Q-Gate (Critical Phase) review mechanism and NPI (New Product Introduction) trial production control for all new products based on the ‘Quality and Hazardous Substance-Free Manual’. Each new product must complete no less than three rounds of sample validation and undergo a full-process quality assessment conducted by design quality engineers.

In addition, we have fully promoted Failure Mode and Effects Analysis (FMEA) and Production Part Approval Process (PPAP) in its consumer and EV batteries to identify potential failure risks and verify process capability. For key engagements, our quality personnel also participate in the design and validation process to ensure that the products meet customer standards and have stable consistency.

Raw Material and Supply Quality Control

We implement a full-process quality control mechanism for the procurement of raw materials and components, conducting reviews of potential suppliers through a three-level supplier admission system consisting of document evaluations, on-site audits, and sample validation. Qualified suppliers are required to sign a standardized quality technical agreement and a social responsibility commitment letter, which outline our quality standards, testing requirements, rectification mechanisms, information confidentiality, and traceability clauses.

BUSINESS

For critical materials (such as cathode materials, anode materials, electrolytes, and separators), we assign on-site quality control personnel who regularly conduct process audits and quality performance scoring. Cooperation arrangements can be dynamically adjusted based on the scoring results to ensure the continuous stability of raw material quality.

Manufacturing Process Control and Inspection Management

During the manufacturing phase, we set standardized quality control points based on the different product process characteristics and implement multi-level process control through our self-developed Manufacturing Execution System, online automated testing equipment, and manual sampling inspection process. The production of battery cells takes place in an environment with strict control over cleanliness and humidity. Key process areas such as coating, winding, and injection can achieve cleanliness levels of up to 100,000, with humidity controlled within the range of 1% to 10%.

In the pack production stage, we are equipped with an automated End-of-Line (EOL) testing line, which covers testing such as electrical performance testing, Battery Management System (BMS) functionality verification, thermal management, and insulation performance assessment. We ensure that non-conforming products do not flow into subsequent processes through a combination of full inspections and sampling inspection systems. At the same time, we also adopt automatic inspection. On our AI production line, real-time data is used to automatically optimize equipment parameters to improve product yield. We apply industrial CT inspection in batches, with a defective detection coverage rate of over 90%, reaching the industry leading level.

After-sales Feedback and Quality Improvement Mechanism

We have established a customer service mechanism led by Customer Quality Engineers (CQE) to provide technical support, problem response, and return/exchange handling during the after-sales period. Our warranty period for our batteries are generally as two to five years for consumer batteries, five years for ESS products, and eight years or 160,000km for EV batteries for personal passenger vehicles, whichever occurs first. All customer complaints will be uniformly entered into the QMS system, and a closed-loop management will be formed according to standard steps such as problem identification, root cause analysis, corrective actions, and verification. The relevant results will be updated in real time to core quality documents such as FMEA and control plans, promoting continuous optimization and knowledge accumulation.

During the Track Record Period, we have not encountered any major quality incidents, product recalls, or material claims from our customers due to product quality issues.

BUSINESS

SUPPLY CHAIN MANAGEMENT

Supplier Management

We establish partnerships with various suppliers in raw materials, production equipment, engineering services, and logistics transportation, covering the supply needs for the entire product lifecycle. To ensure the quality and stability of raw materials and key resources, we have developed a systematic management system that includes supplier development, selection, evaluation, incentives, and exit strategies.

Supplier Development and Admission Mechanism

Our procurement center manages the supplier development process in a centralized manner and formulates specific management specifications based on different material and service categories. When there is a need to introduce new or substitute suppliers, we will clarify the supplier development objectives in conjunction with the category strategy and requirements. All new suppliers must complete procedures such as document review, on-site inspection, and sample verification, and may only be included in the supplier directory of the Group after passing the qualification assessment.

Performance Evaluation and Tiered Management

We have established a regular assessment mechanism, with the business divisions setting monthly or quarterly evaluation frequencies for different types of suppliers depending on the situation. The evaluation covers:

- Cost: demand for cost reduction, payment period, price terms;
- Delivery: including timely delivery rate, demand satisfaction rate, and timely return rate;
- Quality: including incoming material testing batch qualification rate, DPPM of manufacturing defective returns, number of customer complaints in the market;
- Service: including level of cooperation, etc.

We implement a tiered management strategy based on our suppliers' scores. For suppliers with high scores, we grant them priority rights and opportunities to participate in new solution development, for suppliers with low scores, we will request performance improvement. When the monthly appraisal score for two consecutive months or the quarterly appraisal score falls into the lowest level, we put such suppliers on material suspension.

BUSINESS

Compliance Obligations and Review Mechanism

To strengthen the behavioral norms of cooperative suppliers, we sign a unified supplier management agreement with all qualified suppliers, stipulating the quality assurance, information confidentiality, intellectual property protection, export control, environmental health and social responsibility (EHS) obligations they must fulfill, and requiring that their secondary suppliers also adhere to the same standards.

We reserve the right to conduct regular on-site audits, specialized compliance inspections, and annual ESG due diligence to systematically monitor the compliance of suppliers and provide early warnings of potential supply risks.

Raw Material Procurement

We categorize the raw materials we procure into two types: key main materials and other main materials. Key main materials refer to the raw materials that have a decisive impact on product performance and cost ratio, specifically including:

- Cell part: such as positive electrode materials (lithium cobalt oxide, lithium iron phosphate), negative electrode materials (graphite), electrolytes, separators, copper foil, aluminum foil, top cover and aluminum shell;
- Module part: such as upper cover, CCS assembly, positive and negative electrode end plates, side plates, and other structural components;
- Battery pack part: such as the housing, liquid cooling system, and battery management system (BMS), etc.;
- Other materials: such as electronic components, panels, die-cutting, wires, connectors, etc.

Other main materials include polyvinylidene fluoride (PVDF), conductive carbon black (SP), carboxymethyl cellulose (CMC), N-methyl-2-pyrrolidone (NMP), carbon nanotubes (CNT), and other functional additives and auxiliary materials, mainly used to enhance electrochemical performance and structural stability.

Fluctuations in Raw Material Prices and Response Mechanisms

During the Track Record Period, the costs of certain major raw materials saw significant fluctuations, in particular the prices of lithium cobalt oxide and lithium carbonate, which experienced significant increase in 2022 and 2023. According to CIC, the industry average price of lithium cobalt oxide increased from approximately RMB310 thousand/ton in the first half of 2021 to approximately RMB510 thousand/ton in the first half of 2022, followed by a gradual decline and decreased to RMB190 thousand/ton in the first half of 2025, before recovering to around RMB250 thousand/ton in the third quarter of 2025. The average price of

BUSINESS

lithium carbonate increased from approximately RMB40 thousand/ton in the second half of 2020 to approximately RMB160 thousand/ton in the second half of 2021, and further increased to approximately RMB520 thousand/ton in the second half of 2022, after which the price of lithium carbonate gradually declined and decreased to approximately RMB70 thousand/ton in the third quarter of 2025.

To mitigate the impact of fluctuations in raw material prices and enhance our cost predictability and operational stability, we have adopted a combination of procurement- and sales-related strategies.

On the procurement side, our key measures include:

- **Securing stable supply.** We have entered into strategic supply guarantee agreements with key suppliers of critical materials such as lithium, cobalt and nickel to ensure a stable supply of raw materials.
- **Price locking.** We have also entered into long-term supply agreements with major suppliers to lock in prices thereby reducing our exposure to short-term market volatility.
- **Active cost management.** We maintain a dedicated team responsible for monitoring market trends and raw material pricing, enabling us to dynamically adjust our procurement plans and inventory levels.
- **Proactive price negotiations.** We regularly renegotiate purchase prices with our suppliers based on prevailing market conditions to preserve cost visibility and control.

On the sales side, we have implemented the following strategies:

- **Responsive pricing adjustments.** For consumer battery segment and ESS segment, we engage in periodic price renegotiations with customers to reflect changes in raw material costs, thereby enabling partial cost pass-through and margin preservation.
- **Price linkage mechanisms.** For EV battery segment, we incorporate price adjustment clauses for key raw materials (including lithium carbonate, copper foil and aluminum foil) into our customer contracts. These mechanisms typically allow for adjustments on a quarterly or monthly basis, with settlement prices linked to public market quotations for non-ferrous metals. For example, in the case of lithium carbonate, the price adjustment mechanism is based on the difference between the average market price during the applicable adjustment period and a pre-agreed base price, applied according to the amount of material consumed per unit. During the Track Record Period, over 74% of our revenue from EV batteries was derived from contracts that included such price linkage arrangements.

BUSINESS

These combined strategies have contributed to the effective stabilization of our gross margins amid significant fluctuations in raw material costs. As a result, our cost of raw materials as a percentage of revenue remained relatively stable during the Track Record Period, at 79.6%, 67.7% and 69.9% in 2022, 2023 and 2024, respectively, and 71.4% and 69.2% for the nine months ended September 30, 2024 and 2025, respectively.

Inventory Monitoring and Risk Control

We have established a system for inventory forecasting and dynamic management for raw materials to reduce the risks of delayed price adjustments and inventory mismatches. Specific measures include:

- Holding weekly production coordination meetings to adjust raw material stockpiling and production pace based on sales forecasts;
- Real-time tracking of inventory turnover and transportation status to dynamically match purchase orders with work-in-progress orders;
- Reasonable inventory levels and shipping rules are set based on the material demand and inventory condition through ERP system, which automatically checks the material demand and releases the materials accordingly, controlling the level of recycled material inventory while meeting the material demands;
- Strictly reviewing sales contracts and capacity allocation to ensure precise alignment between raw material stockpiling and order fulfillment.

As of the Latest Practicable Date, we have not experienced any significant interruptions in raw material supply or systemic quality issues, and the overall supply system is operating stably.

Main Terms of Procurement Agreement and Ancillary Agreement

We usually enter into framework agreements with our suppliers. The main terms of the procurement agreement we signed with our suppliers include:

Duration: The term of our supply agreement is generally for one year.

Purchase orders: The purchase orders generally set forth the name, specifications, price, quantity, delivery time, delivery location, delivery conditions and warranty period of the goods.

BUSINESS

Price and payment: The price is generally determined by both parties through negotiation and subject to the price on the purchase order confirmed by both parties or the actual settlement price, which includes all expenses such as packaging, transportation and insurance.

The price agreed by both parties is the settlement price within a certain period of time. If the market conditions of the agreed goods change, both parties shall negotiate the price of the goods according to the changes.

Acceptance: Upon delivery of goods by the supplier, we first accept the goods and then conduct an inspection within the agreed time limit according to the foregoing acceptance standards and the inspection methods agreed by both parties.

Quality assurance and after-sales: The supplier is required to ensure that the products meet our special requirements in addition to national standards. Such requirement is provided to the suppliers when we place an order.

During the warranty period, if we discover non-conforming products during inspection, production, sales and use, the supplier shall bear all costs and provide unconditional replacement or repair.

Termination and renewal: . . . If there is no specific term of validity, the supply agreement will be terminated when we and the supplier terminate the cooperation and all obligations of both parties are fulfilled. If there is a specific term of validity (for example, one year), the term of contract will be automatically renewed if neither party proposes to terminate the contract in writing two months before the expiration of the contract until the end of business dealings between the two parties.

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we did not experience any material breach of contract on the part of our suppliers.

BUSINESS

Our Major Suppliers

Our suppliers mainly comprise suppliers of certain raw materials and components used in our manufacturing processes. In 2022, 2023 and 2024 and for the nine months ended September 30, 2025, our purchases from our five largest suppliers for each period amounted to RMB20,931.1 million, RMB13,831.1 million, RMB14,421.4 million, and RMB11,073.7 million, respectively, accounting for 44.8%, 40.6%, 32.2%, and 30.9% of our total purchases for the same period, respectively. In 2022, 2023, 2024 and for the nine months ended September 30, 2025, our purchases from our largest supplier for each period amounted to RMB8,412.2 million, RMB6,167.3 million, RMB7,053.6 million and RMB4,545.4 million, respectively, accounting for 18.0%, 18.1%, 15.7% and 12.7% of our total purchases for the same period, respectively. Our five largest suppliers in each period of the Track Record Period generally grant us credit terms of 45 to 270 days. We generally settle our amounts payable to our five largest suppliers in each period during the Track Record Period through wire transfer, bank transfer or bank acceptance bills.

Nine Months Ended September 30, 2025

Suppliers	Supplier background	Type of product purchased	Year of commencement of business relationship	Purchase amount (RMB in thousands)	% of total purchases
Customer-Supplier A	A leading global technology company headquartered in California and listed on NASDAQ. It specializes in the development, manufacturing, and sales of smartphones, laptops, tablets, wearable devices and accessories, as well as related software and services.	Cell	2012	4,545,433.6	12.7%
Supplier B	A leading global energy technology company headquartered in Fujian, specializing in the development, manufacturing, and sales of lithium-ion batteries for consumer electronics and other applications.	Cell	2016	3,282,153.1	9.2%

BUSINESS

Suppliers	Supplier background	Type of product purchased	Year of commencement of business relationship	Purchase amount <i>(RMB in thousands)</i>	% of total purchases
Supplier C	A company headquartered in Fujian and listed on the Shanghai Stock Exchange. It specializes in the research, production, and sales of new energy battery materials, including lithium cobalt oxide, ternary materials, lithium iron phosphate, and sodium-ion materials.	Cathode material	2017	1,125,186.7	3.1%
Supplier D	A leading new energy material supplier headquartered in Hunan and listed on the Shenzhen Stock Exchange. It specializes in the research, manufacturing, and sales of phosphate cathode materials, particularly LFP material.	Cathode material	2023	1,086,326.8	3.0%
Supplier E	A leading new energy material company headquartered in Zhejiang, specializing in the development, manufacturing, and sales of lithium-ion battery materials for electric vehicles, energy storage, and consumer electronics.	Cathode material and copper foil	2017	1,034,568.5	2.9%

BUSINESS

2024

Suppliers	Supplier background	Type of product purchased	Year of commencement of business relationship	Purchase amount (RMB in thousands)	% of total purchases
Customer-Supplier A	A leading global technology company headquartered in California and listed on NASDAQ. It specializes in the development, manufacturing, and sales of smartphones, laptops, tablets, wearable devices and accessories, as well as related software and services.	Cell	2012	7,053,596	15.7%
Supplier B	A leading global energy technology company headquartered in Fujian, specializing in the development, manufacturing, and sales of lithium-ion batteries for consumer electronics and other applications.	Cell	2016	4,152,044	9.3%
Supplier C	A company headquartered in Fujian and listed on the Shanghai Stock Exchange. It specializes in the research, production, and sales of new energy battery materials, including lithium cobalt oxide, ternary materials, lithium iron phosphate, and sodium-ion materials.	Cathode material	2017	1,210,470	2.7%
Supplier F	A leading manufacturer of precision structural components for battery cells headquartered in Shenzhen and listed on the Shenzhen Stock Exchange.	Precision structural components for battery cells	2020	1,013,625	2.3%
Supplier G	A company headquartered in Guangdong and listed on the Shanghai Stock Exchange. It mainly specializes in the research, production, and sales of consumer batteries, including cells and packs.	Cell	2019	991,685	2.2%

BUSINESS

2023

Suppliers	Supplier background	Type of product purchased	Year of commencement of business relationship	Purchase amount (RMB in thousands)	% of total purchases
Customer-Supplier A	A leading global technology company headquartered in California and listed on NASDAQ. It specializes in the development, manufacturing, and sales of smartphones, laptops, tablets, wearable devices and accessories, as well as related software and services.	Cell	2012	6,167,308	18.1%
Supplier B	A leading global energy technology company headquartered in Fujian, specializing in the development, manufacturing, and sales of lithium-ion batteries for consumer electronics and other applications.	Cell	2016	3,656,367	10.7%
Supplier H	A leading supplier of ternary materials headquartered in Hunan, including lithium cobalt oxide, ternary materials, lithium iron phosphate, and sodium-ion cathode materials.	Cathode material	2020	1,696,996	5.0%
Supplier G	A company headquartered in Guangdong and listed on the Shanghai Stock Exchange. It mainly specializes in the research, production, and sales of consumer batteries, including cells and packs.	Cell	2019	1,472,828	4.3%
Supplier I	A leading LFP material supplier headquartered in Jiangsu. It specializes in the research, manufacturing, and sales of phosphate cathode materials.	Cathode material	2020	837,639	2.5%

BUSINESS

2022

Suppliers	Supplier background	Type of product purchased	Year of commencement of business relationship	Purchase amount (RMB in thousands)	% of total purchases
Customer-Supplier A	A leading global technology company headquartered in California and listed on NASDAQ. It specializes in the development, manufacturing, and sales of smartphones, laptops, tablets, wearable devices and accessories, as well as related software and services.	Cell	2012	8,412,242	18.0%
Supplier B	A leading global energy technology company headquartered in Fujian, specializing in the development, manufacturing, and sales of lithium-ion batteries for consumer electronics and other applications.	Cell	2016	5,126,944	11.0%
Supplier H	A leading supplier of ternary materials headquartered in Hunan, including lithium cobalt oxide, ternary materials, lithium iron phosphate, and sodium-ion cathode materials.	Cathode material	2020	4,964,710	10.6%
Supplier G	A company headquartered in Guangdong and listed on the Shanghai Stock Exchange. It mainly specializes in the research, production, and sales of consumer batteries, including cells and packs.	Cell	2019	1,311,190	2.8%
Supplier I	A leading LFP material supplier headquartered in Jiangsu. It specializes in the research, manufacturing, and sales of phosphate cathode materials.	Cathode material	2020	1,115,981	2.4%

Our Directors confirm that during the Track Record Period, none of our Directors, their close associates or any Shareholder holding more than 5% of our share capital had any interest in any of our top five suppliers in each year/period.

BUSINESS

MARKETING, SALES, AND CUSTOMERS

Our Service Philosophy

We embrace a customer-centric service philosophy by actively integrating ourselves into our customers’ product development processes, establishing stable and close collaboration with our customers. In the early stages of a customer’s new product development, we participate in market demand research and planning of technical details, assisting in clarifying product function positioning and key performance parameters while providing suitable solutions and supporting services. This approach significantly enhances the efficiency and success rate of our customers’ product development efforts. In certain key products development, we also carry out joint R&D with customers, covering the specific functional development of cells, modules, and systems. After successfully completing early-stage prototyping, we transition to mass production, fostering stable bulk supply relationships. This collaborative model not only improves customer loyalty but also strengthens our market responsiveness and technical service capabilities.

Sales System and Market Coverage

As of September 30, 2025, we have a sales team of 724 employees globally, covering major markets such as Asia, Europe, and the Americas. The responsibilities of the sales team include formulating annual sales strategies and marketing plans, customer development and maintenance, organizing product technical exchanges, promoting business negotiations and contract signing, coordinating delivery arrangements, and managing accounts receivable.

We sell battery cells, modules, packs and systems to customers through direct sales, targeting customers including consumer electronics manufacturers, EV manufacturers, and ESS integrators. The sales process begins with confirming customer needs, followed by technical solution evaluation, sample validation, business negotiations, contract signing, bulk delivery, and after-sales follow-up, forming a complete closed loop. We also expand gradually in several overseas markets through channel cooperation and regional agents, forming a localized marketing and service network. During the Track Record Period, all of our customers were served through direct sales.

Pricing Mechanism and Price Linkage Management

We adopt a pricing strategy based on cost-plus across each of our business lines while taking market factors into account, comprehensively considering factors such as the costs of raw materials and components, R&D and manufacturing costs, product yield, target profit margins, and mainstream market prices to develop differentiated pricing plans. The major cost considerations vary by product type. For consumer battery, we take into consideration raw material costs, including those of cathode materials, anode materials, electrolytes, separators and battery cells as well as R&D and manufacturing costs, such as those related to packaging, formation processes, and piece-rate wages. For EV battery, we mainly take into consideration raw material costs, including those of lithium carbonate, iron phosphate, separators, graphite,

BUSINESS

copper, aluminum, and electrolytes. For ESS, we primarily consider equipment costs, including costs for battery cells and system integration, and installation costs. For customers with higher purchasing volumes and stable business relationships with us, we also offer certain price discounts or customized quotes during business negotiations. Our product prices may also be affected by seasonal factors. See “Risk Factors — Risks Relating to Our Business and Industry — Our sales are subject to seasonality” for details.

To address the cost transmission pressure brought by fluctuations in raw material prices, we have incorporated a price linkage mechanism in certain customer agreements, allowing dynamic adjustments of product prices based on changes in upstream commodity prices. At the same time, we have established a regular internal review mechanism to continuously monitor market trends of costs such as raw materials, labor, and logistics, dynamically evaluating and adjusting our pricing in response to shifts in national macroeconomic policies. This ensures a strategic balance between maintaining competitiveness and achieving profitability. See “— Fluctuations in Raw Material Prices and Response Mechanisms” for details.

Main Terms of Sales Agreement

The main terms of the sales agreement we signed with the customer mainly include:

Duration: A sales agreement is normally for a term of one year or until the end of the cooperation.

Purchase orders: The purchase orders shall determine the name, specifications, price, quantity, environmental attributes, delivery time, payment terms, delivery location, delivery conditions and transportation methods of the agreed goods.

Price and adjustment
mechanism: The price is generally fixed in the purchase order confirmed in writing by both parties, which generally includes packaging, logistics and insurance costs, all applicable taxes, duties and other expenses.

Payment: Payments are generally made on a monthly basis or upon reaching payment milestones.

BUSINESS

Acceptance and returns: The customer shall inspect the products we provided in accordance with the order within the agreed inspection period upon receipt. If the products are found to be inconsistent with the order or the packaging is damaged, the customer shall notify us in writing of the discrepancy within the inspection period. We shall complete the rectification within the agreed time upon receipt of the written notice. The customer may return the non-conforming products at our expense and risk in transit.

Quality assurance and
after-sales: We ensure that the product quality is not lower than the industry technical standards and national standards and shall meet customer requirements. We provide warranty or replacement services free of charge during the warranty period. We also provide services and technical support for our customers.

Termination and renewal: If there is no specific term of validity, the sales agreement will be terminated when we and the customer terminate the cooperation and all obligations of both parties are fulfilled. If there is a specific term of validity (for example, one year), the term of contract will be automatically renewed if neither party proposes to terminate the contract in writing two months before the expiration of the contract until the end of business dealings between the two parties.

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, there have been no significant breach events between us and the customers.

Customer Service

We involve the customer service team during the customer acquisition phase, with dedicated personnel assisting the sales team in early communication, technical documentation preparation, and sample delivery. Once the customer enters the bulk purchasing phase, we assign dedicated quality engineers and service windows to ensure that issues encountered during usage receive timely feedback and proper handling.

We have established a system for handling customer complaints. Customer feedback is recorded and promptly entered into the system, bringing together a cross-functional team from various departments including quality control, engineering, and manufacturing to conduct root cause analysis, propose short-term corrective measures, and long-term preventive solutions. All corrective actions taken during the process will be updated in real time in the product design documents and system records to ensure a complete closed loop.

BUSINESS

For warranties and after-sales service, we have established clear return, exchange, and warranty policies for different product categories. Our warranty period for our batteries are generally as two to five years for consumer batteries, five years for ESS products, and eight years or 160,000km for EV batteries for personal passenger vehicles, whichever occurs first. During the warranty period, if a product exhibits abnormalities due to design, manufacturing, or other reasons not attributable to the customer, we will bear the responsibility for returns, exchanges, or technical handling. All returns and exchanges are managed by our customer service team, which initiates a quality assessment process, following established procedures.

During the Track Record Period and up to the Latest Practicable Date, we have not received any significant customer complaints.

Our Major Customers

Our customers primarily include consumer electronics manufacturers, EV manufacturers and ESS integrators. In 2022, 2023 and 2024 and for the nine months ended September 30, 2025, our revenue from our five largest customers for each period were RMB30,285.9 million, RMB22,817.5 million, RMB24,835.5 million, and RMB16,283.8 million, respectively, accounting for 58.1%, 47.7%, 44.3%, and 37.4% of our total revenue for the same period, respectively. In 2022, 2023, 2024 and for the nine months ended September 30, 2025, our sales to our largest customer for each period amounted to RMB14,925.8 million, RMB11,537.3 million, RMB11,610.9 million and RMB6,705.9 million, respectively, accounting for 28.6%, 24.1%, 20.7% and 15.4% of our total revenue for the same period, respectively. We generally grant our five largest customers in each period of the Track Record Period credit terms of 45 to 90 days. Our five largest customers in each period during the Track Record Period settle their amounts due via bank transfer, wire transfer or bank acceptance bills.

Nine Months Ended September 30, 2025

Customers	Customer background	Type of product sold	Year of commencement of business relationship	Revenue	% of total revenue
				(RMB in thousands)	
Customer-Supplier A	A leading global technology company headquartered in California and listed on NASDAQ. It specializes in the development, manufacturing, and sales of smartphones, laptops, tablets, wearable devices and accessories, as well as related software and services.	Consumer battery	2012	6,705,897.1	15.4%

BUSINESS

Customers	Customer background	Type of product sold	Year of commencement of business relationship	Revenue <i>(RMB in thousands)</i>	% of total revenue
Customer B	A leading global technology company headquartered in Beijing and listed on the Hong Kong Stock Exchange. It specializes in the development, manufacturing and sales of consumer electronics, smart EVs and related software and chips.	Consumer battery, smart hardware and precision structural components	2012	2,885,509.6	6.6%
Customer C	A leading global technology company headquartered in Shenzhen. It specializes in telecommunications equipment, network infrastructure, consumer electronics such as smartphones and wearable devices, and smart automotive solutions. It also provides digital enterprise solutions and cloud services.	Consumer battery, ESS and smart hardware	2011	2,444,894.8	5.6%
Customer D	A leading consumer electronics company headquartered in Guangdong. Its main products include smartphones, tablets, smart wearable devices and other IoT products.	Consumer battery	2011	2,125,071.4	4.9%
Customer E	A leading PRC automotive company headquartered in Hubei and listed on the Hong Kong Stock Exchange. It specializes in the development, production and sales of automotives and auto parts, as well as the provision of related services such as auto financing and mobility services.	EV battery	2017	2,122,459.6	4.9%

BUSINESS

2024

Customers	Customer background	Type of product sold	Year of commencement of business relationship	Revenue (RMB in thousands)	% of total revenue
Customer-Supplier A	A leading global technology company headquartered in California and listed on NASDAQ. It specializes in the development, manufacturing, and sales of smartphones, laptops, tablets, wearable devices and accessories, as well as related software and services.	Consumer battery	2012	11,610,921	20.7%
Customer F	A leading PRC EV-manufacturer headquartered in Beijing and dual-listed on NASDAQ the Hong Kong Stock Exchange. It specializes in the development, manufacturing and sales of smart EVs.	EV battery	2022	4,750,454	8.5%
Customer B	A leading global technology company headquartered in Beijing and listed on the Hong Kong Stock Exchange. It specializes in the development, manufacturing and sales of consumer electronics, smart EVs and related software and chips.	Consumer battery, smart hardware and precision structural components	2012	3,113,875	5.6%
Customer C	A leading global technology company headquartered in Shenzhen. It specializes in telecommunications equipment, network infrastructure, consumer electronics such as smartphones and wearable devices, and smart automotive solutions. It also provides digital enterprise solutions and cloud services.	Consumer battery, ESS and smart hardware	2011	2,813,426	5.0%
Customer E	A leading PRC automotive company headquartered in Hubei and listed on the Hong Kong Stock Exchange. It specializes in the development, production and sales of automotives and auto parts, as well as the provision of related services such as auto financing and mobility services.	EV battery	2017	2,546,808	4.5%

BUSINESS

2023

Customers	Customer background	Type of product sold	Year of commencement of business relationship	Revenue (RMB in thousands)	% of total revenue
Customer-Supplier A	A leading global technology company headquartered in California and listed on NASDAQ. It specializes in the development, manufacturing, and sales of smartphones, laptops, tablets, wearable devices and accessories, as well as related software and services.	Consumer battery	2012	11,537,349	24.1%
Customer E	A leading PRC automotive company headquartered in Hubei and listed on the Hong Kong Stock Exchange. It specializes in the development, production and sales of automotives and auto parts, as well as the provision of related services such as auto financing and mobility services.	EV battery	2017	3,486,412	7.3%
Customer B	A leading global technology company headquartered in Beijing and listed on the Hong Kong Stock Exchange. It specializes in the development, manufacturing and sales of consumer electronics, smart EVs and related software and chips.	Consumer battery, smart hardware and precision structural components	2012	2,924,239	6.1%
Customer G	A leading global smart device manufacturer headquartered in Guangdong. It specializes in the development, manufacturing and sales of smartphones, smart TVs, smart wearables and other IoT products, as well as the provision of mobile internet services.	Consumer battery	2005	2,464,006	5.1%
Customer C	A leading global technology company headquartered in Shenzhen. It specializes in telecommunications equipment, network infrastructure, consumer electronics such as smartphones and wearable devices, and smart automotive solutions. It also provides digital enterprise solutions and cloud services.	Consumer battery, ESS and smart hardware	2011	2,405,496	5.0%

BUSINESS

2022

Customers	Customer background	Type of product sold	Year of commencement of business relationship	Revenue (RMB in thousands)	% of total revenue
Customer-Supplier A	A leading global technology company headquartered in California and listed on NASDAQ. It specializes in the development, manufacturing, and sales of smartphones, laptops, tablets, wearable devices and accessories, as well as related software and services.	Consumer battery	2012	14,925,823	28.6%
Customer E	A leading PRC automotive company headquartered in Hubei and listed on the Hong Kong Stock Exchange. It specializes in the development, production and sales of automotives and auto parts, as well as the provision of related services such as auto financing and mobility services.	EV battery	2017	5,754,142	11.0%
Customer H	A leading PRC automotive company headquartered in Zhejiang and listed on the Hong Kong Stock Exchange. It specializes in the development, production and sales of automotives and auto parts and accessories.	EV battery	2016	3,571,191	6.8%
Customer B	A leading global technology company headquartered in Beijing and listed on the Hong Kong Stock Exchange. It specializes in the development, manufacturing and sales of consumer electronics, smart EVs and related software and chips.	Consumer battery, smart hardware and precision structural components	2012	3,311,694	6.3%
Customer G	A leading global smart device manufacturer headquartered in Guangdong. It specializes in the development, manufacturing and sales of smartphones, smart TVs, smart wearables and other IoT products, as well as the provision of mobile internet services.	Consumer battery	2005	2,723,035	5.2%

Our Directors confirm that during the Track Record Period, none of our Directors, our Supervisors, their close associates or any Shareholder holding more than 5% of our share capital had any interest in any of our top five customers in each year/period.

BUSINESS

OVERLAPPING SUPPLIERS AND CUSTOMERS

In 2022, 2023 and 2024 and for the nine months ended September 30, 2025, Customer-Supplier A was our largest customer and largest supplier. For details on our sales to and purchases from Customer-Supplier A, see “— Supply Chain Management — Our Major Suppliers” and “— Our Major Customers”. All the battery cells procured from Customer-Supplier A were utilized solely for the sales to Customer-Supplier A. Any decrease in or cancellation of purchase orders by our key customers, including Customer-Supplier, may have a material adverse effect on our business, results of operations, and financial condition. See “Risk Factors — Risks Relating to Our Business and Industry — We experienced customer concentration during the Track Record Period and may continue to be exposed to risks associated with such concentration in the future”. We had overlapping sales and purchases to Customer-Supplier A during the Track Record Period primarily because Customer-Supplier A, to manage product quality and their supply chain, supplied battery cells to us to be incorporated in the consumer battery packs that we sold to Customer-Supplier A. The pricing of such transactions with Customer-Supplier A is similar to comparable transactions with other customers and suppliers. According to CIC, such practice is common in the lithium-ion battery industry for downstream players to ensure control over their supply chain management and the quality of the batteries installed in their final products. Our Directors are of the view that these arrangements were entered into after due consideration, taking into account the prevailing purchase and selling prices at the relevant times, and conducted in our ordinary course of business under normal commercial terms and on arm’s length basis.

Save as disclosed above, there were no five largest suppliers in each period during the Track Record Period who were also our customers during the Track Record Period, or vice versa.

WAREHOUSE, LOGISTICS, AND INVENTORY MANAGEMENT

To address fluctuations in raw material prices and shifts in market demand, we have implemented a proactive inventory management strategy. When we anticipate increases in raw material prices, costs, or a substantial increase in order volume in the short term, we adjust our inventory levels for key materials to ensure production stability and mitigate the risk of supply chain disruptions. We also closely monitor market trends and customer demand, dynamically adjusting our inventory levels and procurement plans to optimize overall resource allocation efficiency.

We have established a comprehensive supply chain management system covering all aspects of warehousing, inventory control, and transportation packaging:

- **Warehousing Management.** We have equipped our major production bases with our own warehouses, supplemented by third-party warehousing resources, creating a nationwide and key export area warehousing network. All warehouses are equipped with specialized Warehousing Management Systems (WMS) for meticulous management of goods in and out of the warehouse, location allocation, and inventory turnover.

BUSINESS

- **Inventory Control.** We have adopted a management model of “safety stock + dynamic turnover,” combining material ABC classification, turnover rate analysis, and production rhythm to set reasonable inventory levels. Our inventories are monitored by designated personnel, with regular reviews to ensure that our inventories are maintained at an optimal level to support our flexible production lines.
- **Transportation and Packaging Management.** We have established long-term partnerships with multiple professional third-party logistics service providers, covering trunk transportation, last-mile delivery, and export logistics. Customized packaging solutions are designed based on the characteristics of different products to ensure the safety of transportation while reducing logistics costs and loss rates.

INFORMATION TECHNOLOGY

We firmly believe that information technology plays a crucial role in enhancing our core competitiveness, driving business innovation, and improving efficiency. To achieve the goals of lean operations and intelligent manufacturing, we have established and continuously optimized a digital system that covers all aspects of operations, with particular focus on our R&D, production, and supply chain.

We have established a clear hierarchical information technology architecture that includes the IaaS (Infrastructure as a Service), PaaS (Platform as a Service), and SaaS (Software as a Service) to support the digitalization of our research and development, manufacturing, supply chain management, and overall management processes.

- **IaaS (Infrastructure as a Service)**

We provide highly available and highly scalable underlying computing resources and data storage capabilities for business systems through servers and by accessing mainstream cloud platforms, ensuring the stable operation of information systems and data security.

- **PaaS (Platform as a Service)**

We will build a unified technology middle platform, data middle platform, and business middle platform to achieve the reuse of underlying capabilities, centralized data management, and standardization of business logic, supporting integration, collaboration, and rapid development among multiple systems.

BUSINESS

- **SaaS (Software as a Service)**

We have built a system group centered on our R&D, production, and supply chain:

- For our R&D, we have deployed a Product Lifecycle Management (PLM) system to manage product design data, bills of materials, change processes, and R&D projects;
- For our production, we have established a unified Manufacturing Operations Management (MOM) system, Manufacturing Execution System (MES), Quality Management System (QMS), Energy Management System (EMS), and Equipment Management System (EAM) to achieve real-time monitoring and closed-loop control of the production process;
- For our supply chain, we have implemented systems including Customer Relationship Management (CRM), Order to Delivery (OTD), Advanced Planning and Scheduling (APS), and Supplier Relationship Management (SRM) to optimize the end-to-end fulfillment capability from order receipt to delivery.

DATA SECURITY AND INFORMATION PROTECTION

In our business operations, we may collect, process, and store various types of business data and personal information. We place great importance on the confidentiality and integrity of data and information and are committed to building a comprehensive and compliant data security management system to prevent the risks of data leakage, abuse, or illegal access during transmission, storage, and use. Additionally, we have established data backup and disaster recovery mechanisms to ensure the high availability of critical business data and business continuity. Regular data recovery drills further enhance our ability to respond quickly to and repair unexpected network incidents.

We strictly comply with the Personal Information Protection Law of the People’s Republic of China (《中華人民共和國個人信息保護法》), the Data Security Law of the People’s Republic of China (《中華人民共和國數據安全法》), the Cybersecurity Law of the People’s Republic of China (《中華人民共和國網絡安全法》), as well as the applicable data protection laws and regulations in the jurisdictions of our overseas operations, continuously improving our internal data compliance governance framework. To this end, we have established data security and cybersecurity management systems that span the entire Group, and we have set up a dedicated team to coordinate the Group’s information security strategies and implementation.

BUSINESS

We have deployed multiple protective IT mechanisms, including a data classification and grading protection system, end-to-end encrypted transmission protocols, a role-based access control system, auditing tools for information system usage behavior, an intrusion detection and prevention system (IDPS), and firewall systems. These systems operate in collaboration to effectively identify, thwart, and respond to potential information security risks.

We have implemented an information security accountability system that clearly defines confidentiality responsibilities for each employee. Regular training and assessments are conducted for employees in confidential systems or key positions, supported by a reward and penalty mechanism to strengthen security awareness and promote adherence to proper behavioral standards. As of the Latest Practicable Date, we have not experienced any major data security incidents or information breaches.

COMPETITION

We operate in the lithium-ion battery industry across the consumer battery, EV battery and ESS sectors. We primarily compete with other large-scale battery manufacturers in each sector. According to CIC, the consumer battery, EV battery and ESS battery sectors have all experienced significant growth in shipment volume from 2020 to 2024, and are expected to continue growing rapidly, driven by growing downstream demand, technological advancement, the global push toward carbon neutrality, and other factors. According to CIC, the global consumer battery, EV battery and ESS battery markets are all highly concentrated. By shipment volume in 2024, the top five players in the global battery markets for mobile phones and laptops and tablets accounted for over 90% of the market share, and the top ten players in the EV battery and ESS battery markets accounted for over 80% and over 90% of their respective market share. As one of the top ten players in each battery market globally in terms of shipment volume in 2024, we believe we are in a strong position to capture the opportunities offered by the growth of these markets. See “Industry Overview” for more details on our competitive landscape, industry growth drivers and development trends.

BUSINESS

AWARDS AND RECOGNITIONS

The table below sets forth certain major awards and recognitions we received during the Track Record Period:

Year of Grant	Award/Recognition	Issuing organization
2022	Global EV Battery Tier 1 Manufacturer	Benchmark Mineral Intelligence
2022	Government Quality Award of Guangdong Province	People’s Government of Guangdong Province
2023	MIIT Digital Pilot Enterprise	MIIT
2024	Top 500 Global New Energy Enterprises (ranked 17th)	China Institute of Energy Economics
2024	Top 500 Private Manufacturing Enterprises in China (ranked 182nd)	All-China Federation of Industry and Commerce
2024	Top 500 Private Enterprises in China (ranked 258th)	All-China Federation of Industry and Commerce
2024	First Prize for the Electricity Science and Technology Progress Award	Chinese Society for Electrical Engineering
2024	First Prize for China’s Industry-University-Research Cooperation Innovation Achievements	China Industry-University- Research Cooperation Promotion Association
2024	Provincial Single Champion Enterprise in Manufacturing Industry	DIIT of Guangdong
2024	Energy Storage Tier 1	Bloomberg New Energy Finance
2025	Excellent Intelligent Factory	MIIT
2025	National Enterprise Technology Center	National Development and Reform Commission, Ministry of Science and Technology, Ministry of Finance, General Administration of Customs, State Administration of Taxation
2025	Energy Storage Tier 1	Bloomberg New Energy Finance

BUSINESS

EMPLOYEES

As of September 30, 2025, we have a total of 63,257 full-time employees, the majority of which are located in China. The following table sets forth a breakdown of our full-time employees by function as of September 30, 2025:

Function	Number of employees	% of total employees
Production	43,814	69.3%
R&D	10,020	15.8%
Sales	724	1.1%
Finance	347	0.5%
Administration	8,352	13.2%
Total	63,257	100.0%

We have established a labor union to protect the rights of our employees. We believe that we have maintained good relationship with our employees and the union as a whole. During the Track Record Period, in order to meet the increasing demand for IT personnel as our operations underwent comprehensive digital transformation, we outsourced certain non-core IT development projects. The outsourced employees were paid service fees in accordance with the duration and terms of the outsourcing contracts.

Recruitment and Talent Introduction

We integrate the annual business development goals with personnel turnover situations to introduce talent through various channels such as campus recruitment, public recruitment, and internal referrals. We formulate corresponding educational, experience, and ability requirements based on job needs to ensure recruitment quality. For new employees, we uniformly sign employment contracts and confidentiality agreements, and additionally sign non-compete agreements with employees in key positions.

Compensation and Benefits System

We believe that competitive compensation and a good working environment help to stimulate employees’ potential and loyalty. We provide employees with a comprehensive compensation system that includes fixed salaries, performance bonuses, special allowances, and comprehensive benefits. We offer several benefits arrangements, including holiday gifts, festive activities, commercial insurance, annual health check-ups, meal allowances, accommodation and transportation subsidies, as well as marriage and childbirth allowances, all aimed at enhancing employees’ quality of life and sense of belonging.

BUSINESS

Employee Training and Career Development

We value the building of a talent pipeline and have established a systematic training system for our various departments and teams, encompassing a full range of training content from new employee onboarding, job adaptation to professional and management skills enhancement. Our training system mainly includes:

- **New employee onboarding training.** Help employees quickly learn about our Company and culture and integrate into the team;
- **Job adaptation training.** Ensure employees’ abilities meet the job requirements, help employees to improve relevant competencies, and ensure that they are competent for their responsibilities;
- **Developmental training.** Conduct targeted courses for employees in accordance with job skill requirements, qualifications and management pathways;
- **Manager training.** Provide structured and graded leadership, management and strategic execution training for management personnel.

Social Insurance and Housing Provident Fund

Pursuant to relevant PRC laws and regulations, we are required to pay social insurance and housing provident fund for our PRC employees. During the Track Record Period and up to the Latest Practicable Date, we have not paid the full amount of social insurance and housing provident fund for several employees in accordance with relevant regulations, primarily because (i) certain employees ceased employment with us before completing the statutory period required for enrollment in and/or contributions to social insurance and housing provident fund schemes; (ii) certain employees were reluctant to make personal contributions based on their full salaries, as this would result in lower actual wages received after deductions; and (iii) for some newly recruited employees, the transfer procedures for their existing social insurance and housing provident fund accounts were still in progress. In 2022, 2023 and 2024 and for the nine months ended September 30, 2025, the shortfall in our social insurance contribution and housing provident fund contribution is estimated at RMB12.0 million, RMB6.2 million, RMB6.6 million, and RMB2.8 million, respectively, accounting for less than 0.1% of our revenue in each corresponding period.

According to our PRC Legal Advisor, under the relevant PRC laws and regulations, (i) failure to pay social insurance within the required time frame may subject us to a late fee of 0.05% of the outstanding amount per day, and if the outstanding amounts are not paid in a timely manner, we may be subject to fines of one to three times the outstanding amounts; and (ii) for any shortfall in the housing provident fund, the relevant authorities may direct us to make up the shortfall within a stipulated period and may apply to the court for enforcement if it remains unpaid after the deadline. In addition, pursuant to the Urgent Notice on Enforcing the Requirement of the Executive Meeting of the State Council and Stabilizing the Levy of

BUSINESS

Social Insurance Payment (關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知) promulgated on September 21, 2018 by the Ministry of Human Resources and Social Security, administrative authorities are prohibited from collectively recovering enterprises’ historical social insurance arrears. Pursuant to the Interpretation (II) of the Supreme People’s Court on issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》) (the “New Judicial Interpretation”), which became effective on September 1, 2025, where the employer and the employee agree, or the employee promises the employer, that there is no need to make social insurance contributions, the people’s court shall determine that such agreement or promise is invalid. Where the employer fails to make social insurance contributions in accordance with the law, and the employee requests to terminate the labor contract and claim economic compensation in accordance with item (3) of Article 38 of the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》), the people’s court shall support such claim. As advised by our PRC Legal Advisor, given that the New Judicial Interpretation does not repeal the social insurance laws and regulations currently in force in the PRC, the associated risks and potential impact on our business and financial performance is relatively remote. See “Regulatory Overview — Regulations Related to Employment and Social Securities” for details. If we receive a notice from relevant authorities requiring us to rectify, pay or make up social insurance and housing provident funds within a specified period, we will promptly comply with the requirements of such notice. Based on the foregoing, during the Track Record Period and as of the Latest Practicable Date, we have not received any notices and have not been subject to any administrative penalties due to insufficient payment of employee social insurance or housing provident fund. We have also not received any significant complaints or reports from employees regarding such payments, nor any notifications from relevant authorities requesting us to make up payments, conduct investigations, or accept penalties. Our PRC Legal Advisor is of the opinion that the likelihood of our Chinese entities being pursued by the relevant authority for unpaid amounts or facing administrative fines due to historical arrears is extremely low.

We have taken the following internal control measures to prevent future occurrences of such event:

- Training. Strengthen the training of our personnel, including training on various compliance-related topics for our employees;
- Policy. Formulate an internal control policy with respect to social insurance and housing provident fund contribution in compliance with relevant PRC laws and regulations, which we have started to implement;
- Review and record-keeping. Designate a dedicated team to review and monitor the payment status regularly;
- Increasing awareness of developments in the law. Regularly keep abreast of the latest developments in PRC laws and regulations relating to social insurance and housing provident funds;

BUSINESS

- External consultation. Consult external PRC legal counsel for advice on relevant PRC laws and regulations.

We have taken steps to make full contributions in light of the internal control measures implemented, and is continuing to enhance our compliance efforts to ensure full alignment with applicable requirements. For the nine months ended September 30, 2025, the shortfall in our social insurance contribution and housing provident fund contribution is estimated at RMB2.8 million, representing a significant decrease as compared with the year of 2024. In consideration of the above, our Directors believe that past non-compliance issues are unlikely to have a significant adverse impact on our business, financial condition or future compliance.

Labor Dispatch

Pursuant to the relevant PRC laws and regulations, an employer may employ dispatched workers in temporary, auxiliary or substitutable positions only and shall strictly control the number of dispatched workers employed which shall not exceed 10% of the total number of its workers. A penalty ranging from RMB5,000 to RMB10,000 per dispatched worker exceeding the 10% threshold may be imposed for any non-compliance that is not rectified within a prescribed time period. During the Track Record Period, the percentage of dispatched workers engaged by certain of our PRC subsidiaries exceeded 10%, primarily because short-term staffing needs for temporary and supplemental positions. In particular, during the Track Record Period, (i) as of December 31, 2023 and 2024, the percentage of dispatched workers for Shenzhen Xinweizhiwang Technology Co., Ltd. (深圳欣威智旺科技有限公司) were 31.8% and 26.9%, respectively; (ii) as of December 31, 2024, the percentage of dispatched workers for Huizhou Winone Precision Technology Co., Ltd. (惠州市盈旺精密技術股份有限公司) was 27.1%; and (iii) as of December 31, 2023 and 2024, the percentage of dispatched workers for Zhejiang Sunwoda Electronic Co., Ltd. (浙江欣旺達電子有限公司) were 15.1% and 15.7%, respectively. As of September 30, 2025, we had proactively taken rectification measures in response to the incident, including a reduction in the number of dispatched workers engaged by the relevant PRC subsidiaries, and the overall percentage is less than 10% of the threshold of the total workforce. Considering our remedial actions, provided that (i) there are no material changes to the current laws, regulations, and policies governing labor dispatch arrangements, or to the enforcement and supervision requirements of local governments, and (ii) no material collective employee complaints or related litigation/arbitration proceedings initiated against us, our PRC Legal Advisor is of the view that the likelihood that we would be subject to material administrative penalties due to our non-compliance with the labor dispatch regulations is low.

PROPERTIES

We own and lease several properties in the PRC and overseas, mainly for production and R&D facilities, warehousing, and offices. As of September 30, 2025, the book value of any of our properties has not reached 15% or more of our total consolidated assets. According to Section 6(2) of the Company (Exemption of Companies and Prospectus from Compliance with Provisions) Notice, this Document is exempt from compliance with the requirement under

BUSINESS

Section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance regarding the valuation report of all interests in land or buildings as specified in the Third Schedule, Paragraph 34(2) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Owned Properties

As of September 30, 2025, our Company and our Major Subsidiaries have a total of 35 major land use rights for lands over 10,000 square meters, with a total land area of approximately 1.2 million sq.m., all of which are located in China. Our Company and our Major Subsidiaries also have a total of 46 major premises of over 10,000 square meters, with a total floor area of approximately 1.7 million square meters, primarily used for production, research and development, warehousing and staff dormitory, all of which are located in China. In addition, our Company and our Major Subsidiaries have a major construction in progress with a planned gross floor area of approximately 151.2 thousand square meters, primarily used for production facilities.

Leased Properties

As of September 30, 2025, our Company and our Major Subsidiaries have leased a total of 15 major properties of over 10,000 square meters from third parties in China, with a total floor area of approximately 2.5 million sq.m., primarily for production, research and development, and office use. Our Company and our Major Subsidiaries have leased a total of one major property of over 10,000 square meters overseas, with a total floor area of approximately 11,148 square meters.

As of September 30, 2025, the lease agreements of our major leased properties have not been registered and filed with the relevant government bureau in China. According to our PRC Legal Advisor, failing to register and file the lease agreements will not affect the validity of the leases or lead to the eviction of our Company and our major domestic subsidiaries from the leased properties. However, the relevant government departments may require us to complete the registration or filing procedures, and we may be fined between RMB1,000 and RMB10,000 for each unregistered agreement due to our failure to complete the registration or filing within the stipulated time. Therefore, the maximum potential fine for each of such lease properties will be up to RMB10,000 during the Track Record Period. As of the Latest Practicable Date, some of our leased properties did not have property ownership certificates. Such defects were due to the failure of the lessors to provide the procedural documents attributable to historical or administrative reasons. As advised by our PRC Legal Advisors, there are no rules or regulations requiring the lessee to obtain the ownership certificate or imposing regulatory punishment on the lessee for not doing so. Depending on the number of such properties and their locations, as advised by our PRC Legal Advisor, we believe that the likelihood that we would be subject to material administrative penalties due to our leased properties with title defects is low and potential penalties for failing to register and file all relevant lease agreements simultaneously will not have a significant adverse impact on our operational and financial conditions.

BUSINESS

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Governance

Our sustainable development management framework is guided at the highest level by our Board, with a Strategy and Sustainable Development Committee beneath it that carries out strategic guidance and oversight responsibilities for ESG matters, ensuring that sustainable development principles are effectively implemented at all levels from strategy formulation to specific execution.

The Board, as the highest governance body for our ESG management, is responsible for the following matters:

- **Strategic planning and guidance.** Based on in-depth study of policies, regulations, standards, norms, and industry trends, as well as a thorough understanding of stakeholder demands, conduct a deep analysis of our ESG matters, form clear judgments, and ensure that our ESG strategy aligns with internal and external development needs.
- **Execution supervision and enhancement.** Closely monitor the execution status of the corporate ESG strategy and the advancement of goals, scientifically assess the actual impact of the work on stakeholders. Based on the assessment results, provide precise and practicable improvement suggestions for the optimization and upgrading of subsequent ESG work.
- **Compliance assessment and assurance.** Use diverse methods to comprehensively evaluate the effectiveness of ESG work, ensuring the objectivity and comprehensiveness of the assessment.
- **ESG risk review mechanism for major transactions.** When making major investment, merger and acquisition, and new business expansion decisions, the Board will consider the potential impact of ESG-related factors on commercial feasibility and corporate reputation in the evaluation to ensure that investment activities align with our long-term sustainable development strategy.

To effectively identify, assess, and manage sustainability risks and opportunities, we have established a top-down management structure comprised of the “Strategy and Sustainable Development Committee of the Board — Sustainable Development Management Committee — ESG Management Department.” The Strategy and Sustainable Development Committee of the Board is responsible for formulating sustainable development strategies and management systems, assessing sustainability risks and opportunities, reviewing our major sustainability issues, ensuring the effective operation of the oversight mechanism, and reporting sustainability matters to the Board. Under the Strategy and Sustainable Development Committee of the Board is the Sustainable Development Management Committee, which acts as the management body to advance our sustainability efforts, responsible for deploying and

BUSINESS

monitoring the progress of sustainable development strategic goals, establishing management collaboration mechanisms, and reporting sustainability matters to the Strategy and Sustainable Development Committee of the Board. Additionally, we have formed the ESG Management Department, which, under the guidance of the Sustainable Development Management Committee, is responsible for implementing ESG strategies, building systems, disclosing information, and regularly reporting work progress to the Sustainable Development Management Committee.

We attach great importance to the diversity, independence, and effectiveness of the Board. Our Board consists of seven Directors who have rich skills and experience in management, accounting, and legal matters. We have established systems such as the Rules of Procedure for Board Meetings and the Rules of Procedure for Special Meetings of Independent Directors to ensure that the Board operates in a standardized and efficient manner, and makes prudent and scientific decisions. Each Director can perform his/her duties and obligations diligently and responsibly in accordance with the Rules of Procedure for Board Meetings and the Work System for Independent Directors. In 2024, our Directors participated in training provided by regulatory agencies and others, which effectively improved their ability to fulfill their responsibilities as directors by further studying and becoming familiar with relevant laws and regulations.

We always view risk and compliance management as the fundamental guarantee for sustainable development. The Board attaches great importance to the construction of the compliance management system and supervises the independence, effectiveness, and implementation of our overall compliance management work by regularly listening to the work reports of the Audit Committee under the Board. The Audit Committee is responsible for coordinating our internal and external audits and compliance matters, acting as a strategic oversight level to ensure that compliance risks are promptly identified and addressed internally.

We have established a compliance management system of “three lines of defense” covering various business divisions/subsidiaries, functional centers, and auditing centers, clearly delineating responsibilities for business execution, risk control, and independent supervision. This ensures that compliance requirements are followed throughout the management chain and business processes, effectively preventing compliance risks arising from management blind spots or the lack of systems.

Strategy

Against the backdrop of increasingly stringent global carbon reduction policies, major markets such as the European Union and East Asia are accelerating the advancement of carbon neutrality transition risk targets. For example, related policies like the EU Regulation Concerning Batteries and Waste Batteries impose stricter requirements on carbon footprint, product recycling, and sustainable supply chains in the battery industry. Meanwhile, the continuous promotion of “carbon peak, carbon neutrality” goals in China will also exert stricter supervision and higher emissions reduction pressure on the battery industry. Companies in the battery industry may face higher compliance costs for carbon emissions. In this trend, our main

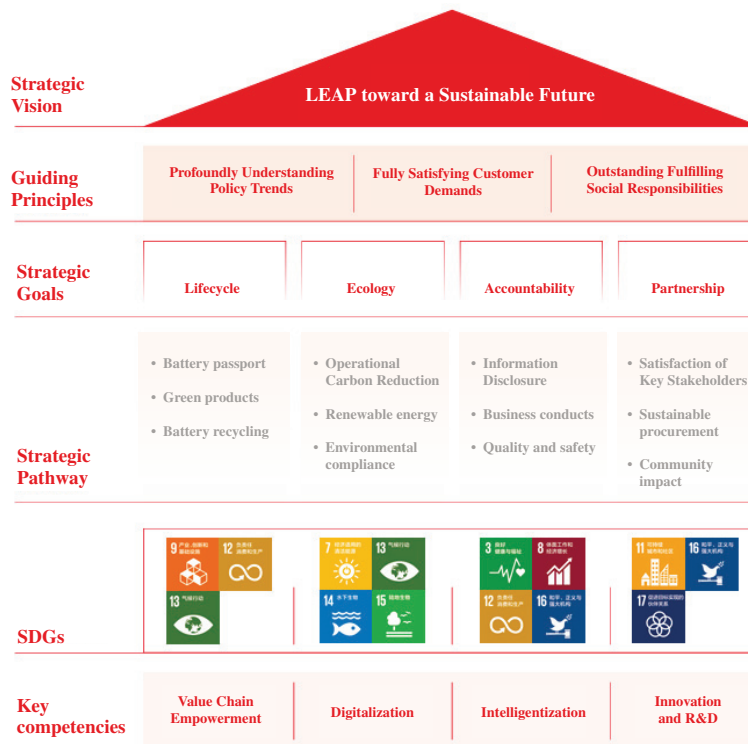
BUSINESS

customers are continuously raising their requirements for product carbon footprints, the proportion of renewable energy, and the use of recycled materials. We need to invest additional resources to meet compliance requirements and maintain our competitiveness in the green supply chain.

Based on the core principles of “deeply understanding policy trends, fully meeting customer demands, and excelling in social responsibility,” we have formulated and implemented the “LEAP toward a Sustainable Future” sustainability strategy. This strategy systematically addresses current and anticipated environmental, social, and governance (ESG) related risks, establishing a sustainable management system aimed at long-term value creation.

The strategy focuses on four major goals — Lifecycle, Ecology, Accountability, Partnership, and clearly deploys corresponding resources, action plans, and target timelines according to risk identification results.

Sustainable Development Strategy



BUSINESS

- *Lifecycle*

As one of the world’s leading lithium-ion battery manufacturers, we integrate green design concepts deeply into our product development system based on the demands for sustainable products, operations, and production in various global markets and from customers. We continuously improve the construction of the digital battery passport platform, actively invest in battery recycling, and practice the circular economy. Throughout the entire lifecycle of our products, from the initial to the intermediate and final stages, we actively provide green solutions for society, comprehensively promoting the “Four Transformation” development (globalization, digitalization, intelligentization, and green development), contributing to global sustainable development.

- *Ecology*

Guided by our vision of “to become a respected world-class new energy enterprise”, we actively embrace a green transformation, continuously strengthen our green development efforts, and remain committed to providing more green, fast, and efficient new energy solutions for society. We actively respond to climate change, practice clean production, and continuously promote energy conservation and emission reduction across the entire value chain, striving to minimize environmental impact at every stage and consistently contribute to the global transition towards a cleaner and greener future.

- *Accountability*

We strictly comply with the laws and regulations in China and the locations where we operate, while adhering to international business compliance frameworks. We implement efficient corporate management with leading management standards; we uphold a product culture centered on extreme quality and safety. We safeguard the health and safety of our customers; we are committed to reshaping the R&D chain, production chain, and supply chain through information technology and intelligence, aiming to lead the entire industry towards a greener and better future in new energy.

- *Partnership*

We focus on the happiness and health of “people”, adhering to a people-centered approach, and regard the growth and development of employees as the cornerstone of our business operations. At the same time, we promote responsible supply chain management, working with partners from all sectors of society to jointly carry out sustainable frontier practices. Moreover, as a company that practices social responsibility, we are deeply engaged in public welfare, widely conducting charitable actions to create shared value for society.

BUSINESS

Risk Management

We are promoting the establishment of a comprehensive risk management mechanism that includes risk identification, assessment, and response, and gradually achieving integrated compliance and risk control operations. Each department continuously collects internal and external risk information based on their responsibilities, and the Legal and Compliance Center consolidates this information and establishes a risk database. Through systematic analysis and assessment mechanisms, we identify the probability, impact, and the level of risks, formulate corresponding response strategies for significant risks, and set up a risk warning mechanism. Risk information is efficiently communicated within the organization through a risk reporting system, and we will enhance our warning and management capabilities using information technology platforms. At the same time, we emphasize risk culture building and employee training to strengthen everyone’s awareness of compliance and risk control.

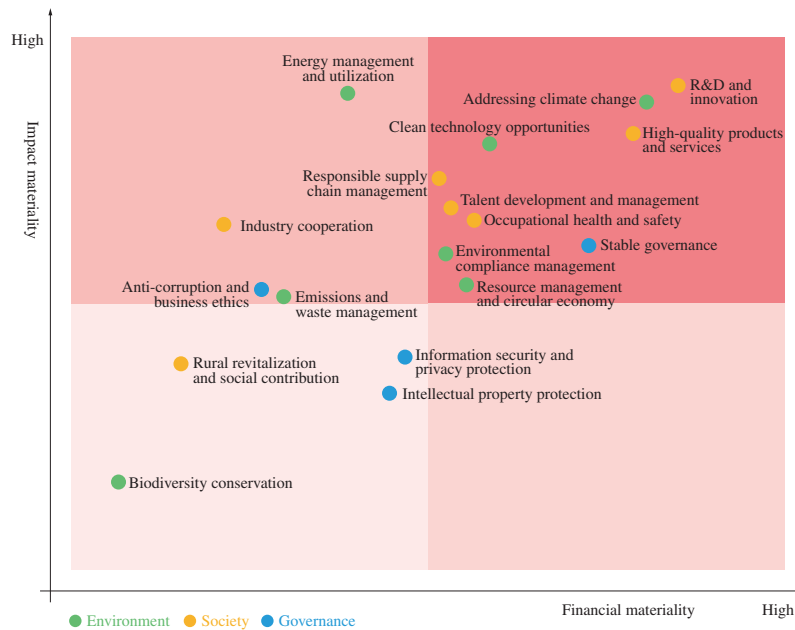
In response to ESG risks and opportunities, and to effectively understand, identify, and respond to the close attention of various stakeholders regarding our sustainability practices, we regularly conduct comprehensive materiality assessment of sustainability issues. We carry out the identification and analysis of material issues through policy analysis and extensive research among internal and external stakeholders, providing a basis for orderly advancement of our ESG work and disclosure of relevant information.

To effectively identify the risks and opportunities of issues with varying materiality, we conduct assessments based on both impact and financial materiality. Among them, impact materiality comprehensively evaluates both the positive and negative effects of an issue, its actual and potential impacts, and assesses it from multiple dimensions including impact scale, impact scope, likelihood of occurrence, and irremediability. This evaluation determines whether our performance related to sustainability will have a significant impact on the environment, economy, and society. Financial materiality is assessed from three time frames: short-term, medium-term, and long-term, evaluating the likelihood of occurrence and the extent of financial impact. It incorporates various factors such as resource availability and relational dependencies to comprehensively judge the impact of relevant issues on financial indicators such as our business model, business operations, and financial condition across different time periods. The following is our materiality assessment process:

Understand the background of business	Establish a list of issues	Assess and confirm issue materiality	Review and report on issues
Understand the sustainability background we are in by interpreting domestic and international sustainability standards, our business operations and value chain, industry conditions, etc.	Based on our actual situation and communication with stakeholders, initially identify and screen relevant sustainability issues, and analyze the actual and potential impacts, risks, and opportunities related to these sustainability issues.	- Organize the results of stakeholder questionnaire surveys; - Combine expert opinions to assign weights to stakeholders; - Calculate the materiality score of each issue and generate a materiality-based ranking.	After review and confirmation by our Board, focus on disclosing the issues with higher materiality in the annual sustainability report.

BUSINESS

Based on the results of the comprehensive impact materiality assessment and the financial materiality assessment, we have identified a total of 10 issues that hold both financial and impact materiality including addressing climate change, clean technology opportunities, environmental compliance management, resource management and circular economy, R&D and innovation, high-quality products and services, talent development and management, occupational health and safety, responsible supply chain management, and stable governance.



We attach great importance to the effect that high materiality issues may have on our financial operations and sustainable development. We have identified the risk and opportunity factors related to the management of material each issue and evaluated their multifaceted impact on our value chain or broader stakeholders, thereby developing corresponding response measures and monitoring indicators and targets. We have currently established the following ESG management goals:

“Carbon peak and carbon neutrality” goal. Achieve carbon peak in operations by 2029; achieve carbon neutrality in operations by 2050

Clean energy transition goal. Add 1.38GWp of photovoltaic energy before 2040; achieve 100% use of renewable energy before 2050

Supporting social carbon reduction goal. Help reduce carbon emissions from social transportation by 6.84 million tons by 2030; help reduce carbon emissions from social transportation by 42.37 million tons before 2040

The Strategy and Sustainable Development Committee of the Board holds regular special meetings to hear reports on the progress of ESG work, reviews the completion of various indicators, including energy saving and emission reduction indicators, improvement in employee satisfaction, and the effectiveness of social responsibility project implementation. By conducting in-depth analysis of data and real cases, we promptly identify existing problems and shortcomings, encourage departments to innovate ESG work methods and practices, and continuously improve our overall ESG performance.

BUSINESS

ENVIRONMENT

We are committed to promoting green development with higher standards on the basis of complying with national and local environmental protection regulations, and continuously reducing the impact of production and operation on the environment through technological innovation, resource optimization and process improvement. From energy conservation and emission reduction, waste management to sustainable development, we regularly evaluate our progress, adhere to the green and low-carbon concepts while pursuing business development, and minimize the impact of our operations on the natural environment.

Addressing Climate Change

We actively respond to the “carbon peaking and carbon neutrality” strategy and continuously improves the construction of the “dual carbon” (carbon peaking and carbon neutrality) management framework. A comprehensive “dual carbon” management system has been established based on the ESG governance framework, with management responsibilities distributed across the Strategy and Sustainable Development Committee, the Sustainable Development Management Committee, and the ESG Management Department. Through this system, we actively collaborate with specialized teams and sustainability departments/groups of business units to implement climate change management responsibilities. We employ a top-down approach to drive the achievement of our dual carbon goals.

We actively carry out climate change risk management and progressively incorporate it into our overall risk management system. Below sets out certain key climate risks and opportunities that we have identified:

Impact	• Enterprises directly alleviate the pressure on the global climate system by reducing carbon emissions and improving energy efficiency. They contribute to the mitigation of global warming, protect the ecological environment from the impact of extreme weather events, assist global climate governance, and promote global ecological balance.
Risk	• Physical risks: Extreme weather can cause shutdowns and production halts, decreasing production capacity and consequently reducing revenue. Long-term climate change leads to rising energy prices and increased operational costs. • Policy and legal risks: As enterprises face increasingly stringent laws and regulations related to the environment and carbon emissions, we have to invest heavily to mitigate compliance risks or may face related penalties upon violations. • Business continuity: Vigorously implementing preventive measures against physical risks such as extreme weather enhances our resilience against risks and ensures the continuity of production and operations.

BUSINESS

- Efficiency improvement and cost saving: Clean technologies and digital transformation will facilitate operational and resource efficiency.
- Financing incentives: The government promotes “dual control of carbon” — related subsidies or tax incentives, enabling us to leverage such policies to advance low-carbon transformation and business growth.
- Market competitiveness: Developing low-carbon products and green solutions to meet domestic and international market demands, breaking through “green barriers” and exploring new markets.

To effectively advance our climate change initiatives, we strictly adhere to the Greenhouse Gas Protocol (GHG Protocol) and the relevant requirements of ISO 14064-1:2018, formulating internal management systems such as the Carbon Emissions Management Manual at the Organizational Level. We regularly conduct greenhouse gas inventory assessments for Scope 1 and 2 across our Group and its subsidiaries and engage third parties for independent verification. The practices set a benchmark for carbon management in the industry. In 2024, taking into account our industry characteristics, business relationships, data availability, and disclosure costs, we completed the Scope 3 accounting across multiple categories for all of the Company’s stable operating production sites, with total emissions amounting to 4,885,354.98 tonnes of CO₂. The following are our greenhouse gas emissions for the periods indicated:

Indicator	Unit	Year ended December 31,			Nine months ended September 30, 2025
		2022	2023	2024	
Scope 1 greenhouse gas emissions	tCO ₂ e	34,948.81	102,959.97	110,217.78	78,689.88
Scope 2 greenhouse gas emissions	tCO ₂ e	603,471.48	880,010.62	872,270.66	916,300.04

Note: We have conducted greenhouse gas inventory on an annual basis within the organizational boundary using operational control approach, following the GHG Protocol and ISO 14064-1:2018, covering Scope 1 and Scope 2 greenhouse gases. Currently, we collect purchased green electricity certificate data on an annual basis. As a result, we used the location-based method to calculate Scope 2 emissions for the nine months ended September 30, 2025.

In 2024, our greenhouse gas emission data remained below the industry average. For example, based on publicly available information and related calculations, our per capita Scope 1 GHG emissions were 2.03 tCO₂e/person, compared with 2.16 tCO₂e/person for Zhuhai CosMX Battery Co., Ltd. (“COsMX”) (Stock Code: 688772.SH) and 18.20 tCO₂e/person for Contemporary Amperex Technology Co., Limited (“CATL”) (Stock Code: 3750.HK; 300750.SZ). Our per capita Scope 2 GHG emissions were 16.07 tCO₂e/person, compared with 24.38 tCO₂e/person for COsMX and 26.90 tCO₂e/person for CATL.

BUSINESS

Resource Management and Circular Economy

We emphasize energy efficiency, continuously optimizing the energy management system, adopting innovative energy-saving technologies, and enhancing energy-saving awareness to improve energy utilization efficiency. To systematically carry out energy conservation and carbon reduction initiatives and effectively promote our “carbon peaking and carbon neutrality” plan, we have established an Energy Conservation Committee chaired by our Chairman. The Energy Conservation Committee promotes the top-down energy efficiency improvement in production operations and oversees energy-saving technological transformation initiatives. In 2024, we have completed over 200 energy efficiency initiatives, resulting in electricity savings of approximately 66.7 million kWh, equivalent to a reduction of more than 35,000 tonnes of carbon dioxide emissions.

We maintain continuous oversight of water consumption during the production process and actively promotes water resource management. Following the PDCA principle, we formulate internal systems such as the Management Regulations on Water Conservation and closely monitors water usage activities in daily operations. Currently, we rely exclusively on municipal water supplies for all our water usage, mainly used for employee domestic consumption, canteen operation, and production processes like boilers, steam generation, air conditioning and ventilation systems, process cooling towers, and manufacturing mixing processes. During the reporting period, we had no significant direct or indirect impact on local water resources in our practices, from water withdrawal, consumption, discharge to storage.

In active response to policy requirements such as the EU Batteries and Waste Batteries Regulation and the Interim Measures for the Management of Recycling and Utilization of EV batteries for New Energy Vehicles, we have deployed our battery recycling business based on market demands, providing comprehensive services including lithium-ion battery recycling and material monitoring. With our advanced recycling system and intelligent disassembly technology, we have achieved efficient recycling and reuse of end-of-life batteries. We are committed to building a “large-scale ecological circular system”, aiming to reduce resource consumption and environmental impact. Therefore, we work closely with our value chain partners, starting with key metals such as nickel, cobalt, and lithium, we employ chemical metallurgy technology to purify and synthesize precursor materials for battery anodes and cathodes, process them into electrode materials, and assemble them into standardized cells, which are integrated into battery packs and systems through modular design for end-use applications. After battery retirement, precious metals are recovered through physical disassembly and chemical extraction, and reintegrated into the production process, achieving a closed-loop of resources. Meanwhile, we are also committed to developing a “small-scale circular system” for lithium-ion battery products, building a closed-loop upstream and downstream recycling industry chain covering all aspects of battery design, production, sales, and recycling. This system deeply integrates the circular economy concept into industrial development through vertical collaboration and horizontal compliance, assisting us in transitioning from a linear economy to a sustainable circular economy model.

BUSINESS

In December 2024, MIIT issued the Standards and Conditions for the Comprehensive Utilization of Used Power Batteries from New Energy Vehicles (2024 Edition), which set higher requirements for metal recovery rates, product impurities, production energy consumption, and wastewater recycling. Our battery recycling operations have been fully aligned with these standards, with existing production lines meeting the relevant technical requirements. Ongoing and planned initiatives are designed and constructed to meet or exceed the normative indicators, ensuring full compliance with the latest policy requirements upon commissioning. Meanwhile, we actively participate in the development of relevant national and industry standards, proactively gaining insight into future market rules and technological directions to maintain industry competitiveness.

The following are our resource usage statistics during the Track Record Period:

Indicator	Unit	Year ended December 31,			Nine months ended September 30, 2025
		2022	2023	2024	
Natural gas usage ⁽¹⁾ . .	Cubic meter	15,679,081.00	14,178,905.76	31,710,282.33	32,492,332.62
Purchased electricity usage ⁽¹⁾	MWh	918,076.83	929,540.59	1,355,444.37	1,368,701.34
Renewable energy usage among purchased electricity usage	MWh	–	–	336,094.00	50,678.73
Total water withdrawal ⁽²⁾	Cubic meter	3,319,597.00	3,697,300.00	6,513,024.00	5,006,327.27

Note:

- (1) We experienced increased natural gas and purchased electricity usage in 2024 due to adjustments in statistical reporting methodology and the commissioning of new facilities and equipment under capacity expansion.
- (2) All water intake was sourced from municipal water supplies. The expansion of statistical coverage scope and increased production capacity resulted in a rise in our total water withdrawal in 2024.

In 2024, our resource management data remained far below or close the industry average. For example, based on publicly available information and related calculations, our per capita natural gas consumption was 584.07 cubic meter/person, compared with 921.23 cubic meter/person for COsMX. Our per capita purchased electricity consumption was 24.97 MWh/person, compared with 41.60 MWh/person for COsMX, while our per capita renewable electricity consumption was 6.19 MWh/person, compared with 11.05 MWh/person for COsMX. In terms of water withdrawal, our per capita water use was 119.96 cubic meter/person, compared with 118.89 cubic meter/person for Gotion High-Tech Co., Ltd. (“Gotion High-Tech”) (Stock Code: 002074.SZ) and 137.63 cubic meter/person for COsMX.

BUSINESS

Environmental Compliance Management

We strictly comply with the Environmental Protection Law of the People’s Republic of China and other national laws and regulations and formulate internal environmental management systems such as the Environment, Health, and Safety Manual, the Environmental Pollution Control Management Regulations, and the Environmental Pollution Prevention Management Regulations in line with the relevant requirements of ISO 14001, ensuring a standardized and orderly conduct of environmental management work. In 2024, our 25 subsidiaries passed ISO 14001 environmental management system certification, achieving 100% coverage across all stably operating production facilities. Other newly established or under-construction manufacturing facilities are also actively developing environmental management systems in accordance with ISO 14001 requirements. At the same time, we fully implement the requirements of the Standards and Conditions for the Comprehensive Utilization of Used Power Batteries from New Energy Vehicles (2024 Edition), ensuring continuous improvement of our battery recycling operations in terms of compliance and environmental friendliness. As of the Latest Practicable Date, neither we nor our major subsidiaries have been subject to any significant environmental administrative penalties.

We regularly conduct internal and external environmental audits to ensure that all production activities at mature operational manufacturing facilities fully comply with local environmental laws and regulations and obtain environmental management system certification. We link the quarterly performance bonuses and year-end bonuses of personnel at the level of general manager and above to environmental performance, allocating a 5%-10% weighting to environmental performance indicators. Monthly and quarterly performance assessments motivate us to implement environmental compliance measures.

To boost employees’ awareness of environmental compliance and management, we regularly organize trainings for environmental engineers across all industrial parks. These training sessions address environmental laws and regulations, environmental factor identification, system internal audits, and other relevant topics. Environmental engineers in each industrial park will subsequently act as internal trainers, responsible for educating safety management personnel in each business unit to fully implement the core concepts and operational processes of the environmental management system.

Clean Technology Opportunities

As an important player in the new energy industry, we actively seize the opportunities of green development and take clean technology development and application as our core development strategy. We develop green solutions covering the entire lifecycle by providing green products, optimizing low-carbon supply chains, facilitating energy structure transformation, and driving technological innovation. We continue to integrate renewable energy throughout the industry chains and continuously improve energy utilization efficiency to enhance corporate climate resilience. At the product and technical level, we focus on production process optimization, research and development of emerging battery technologies, and intelligent battery management system upgrades to secure our competitive advantage in the lithium-ion battery markets.

BUSINESS

Emissions and Waste Management

We prioritize pollutant and waste management, strictly adhering to relevant laws and regulations on pollution discharge management, and continuously improving the emissions of exhaust gas, wastewater, and waste.

For exhaust gas management, following the requirements of the environmental impact assessment documents and the local ecological environment bureau, we regularly inspect and maintain the exhaust gas facilities, timely replace activated carbon, and ensure gas emission standards. We also regularly engage qualified third parties for on-site testing and atmospheric pollution emission testing reports issuance to ensure compliance with relevant standards. In 2024, the results of the third-party testing of our atmospheric pollutants meet the approval of the environmental impact assessment and statutory emission standards.

For wastewater management, abiding by the Law of the People’s Republic of China on Prevention and Control of Water Pollution and other relevant laws, we strictly manage the discharge of industrial wastewater and domestic sewage by building sewage treatment facilities and conducting regular monitoring to ensure compliance with the wastewater quality standards. Our consumer battery and ESS manufacturing facilities do not generate industrial wastewater discharge. The cell production plants are equipped with dedicated sewage treatment stations, achieving 100% collection of production and domestic sewage and 100% compliance for effluent water quality. Our industrial wastewater treatment facilities are operated and managed by professional environmental service providers, with daily oversight conducted by the subsidiary’s safety department to ensure the normal operation of wastewater treatment equipment. We regularly contracts qualified third parties for on-site testing and sewage testing reports issuance, with results consistently meeting the standards set by the environmental impact assessment approvals and relevant regulations.

For waste management, we strictly comply with national laws such as the Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste and industry standards such as the Standards for Pollution Control on the Storage of Hazardous Waste. As of the Latest Practicable Date, neither we nor our major subsidiaries were subject to any significant administrative penalties related to hazardous waste management. We have established management systems including the Regulations on the Management of General Waste and Implementation Rules for Solid Waste Control, clarifying the requirements for waste classification, collection, storage, transportation, and disposal, while continuously promoting waste reduction and disposal efforts, practicing the concept of green development. We reduce hazardous waste through various initiatives such as material selection, manufacturing processes, and employee training. In terms of material selection, we prioritize the use of green and environmentally friendly raw materials and auxiliary materials to reduce the generation of hazardous waste. In terms of manufacturing processes, we continuously optimize production techniques to minimize raw materials and auxiliary materials consumption to reduce waste generation. In addition, we require relevant personnel to participate in hazardous waste training to enhance employee safety awareness. To ensure full-process management of hazardous waste disposal, we implement transfer manifest management in

BUSINESS

accordance with national regulations. At the same time, we enter into treatment contracts with qualified hazardous waste disposal companies and regularly commission qualified third parties for transportation and disposal, further promoting recovery and comprehensive utilization. For general waste management, we promote waste reduction and recycling through system development, classification control, and awareness enhancement. We established a comprehensive classification operation system from production to disposal, thereby improving the recycling rate of general waste. The following are our waste emissions during the Track Record Period:

Indicator	Unit	Year ended December 31,			Nine months ended September 30, 2025
		2022	2023	2024	
Total hazardous waste ⁽¹⁾	Ton	1,231.86	1,619.72	2,622.33	3,374.66
Total non-hazardous waste ⁽¹⁾⁽²⁾	Ton	2,868.61	4,482.57	45,810.81	43,800.49
Industrial wastewater discharge ⁽³⁾	Cubic meter	974,815.00	362,306.00	52,472.50	195,766.11
Emissions of nitrogen oxides (NOx) ⁽²⁾	Ton	7.32	5.59	22.53	25.06
Emissions of sulfur oxides (SOx) ⁽²⁾	Ton	–	0.11	2.75	4.10
Emissions of particulate matter (PM) ⁽²⁾	Ton	1.33	6.83	7.34	19.42

Note:

- (1) With the expansion of the statistical scope and the increase in production capacity, the generation of hazardous and non-hazardous waste has risen, while emissions of air pollutants have also increased.
- (2) Our non-hazardous waste scope for the nine months ended September 30, 2025 mainly includes three categories: domestic waste, food waste, and production waste. Production waste includes general waste such as waste cardboard, waste pallets and waste plastic, excluding high-value waste disposed by each business unit. As of September 30, 2025, improved data availability has enabled us to update the first-half figures, providing a more accurate reflection of our wastewater management performance.
- (3) In 2023, our reporting boundary covered both industrial and domestic wastewater across the Group. In 2024, we focused on material discharge and have since reported only industrial wastewater data. In 2025, the commencement of operations at certain sites is expected to result in an increase in industrial wastewater. We will continue to implement measures to reduce industrial wastewater discharge and lower its intensity.

BUSINESS

In 2024, our emissions and waste management data were either below or above the industry average. For example, based on publicly available information and related calculations, in terms of air emissions, our per capita NO_x emissions were 0.0004 tonnes/person, compared with 0.0005 tonnes/person for Gotion High-Tech; our per capita SO_x emissions were 0.0001 tonnes/person, compared with 0.0006 tonnes/person for Gotion High-Tech; and our per capita PM emissions were 0.0001 tonnes/person, compared with 0.0002 tonnes/person for Gotion High-Tech. In terms of wastewater discharge, our per capita industrial wastewater discharge was 0.97 cubic meter/person, compared with 2.18 cubic meter/person for EVE Energy and 6.48 cubic meter/person for COsMX. In terms of waste disposal, our per capita hazardous waste discharge was 0.05 tonnes/person, compared with 0.04 tonnes/person for Gotion High-Tech and COsMX, while our per capita non-hazardous waste discharge was 0.84 tonnes/person, compared with 1.16 tonnes/person for Gotion High-Tech and 1.24 tonnes/person for COsMX.

SOCIETY

Responsible Supply Chain Management

We continued to strengthen responsible supply chain management. In accordance with the EU Regulation Concerning Batteries and Waste Batteries and customers’ requirements, we launched the “Low-carbon Supply Chain Development” initiative to integrate the requirements of “carbon peak and carbon neutrality” into supply chain management, thereby establishing a mature solution. In addition, we require our suppliers to establish and implement a comprehensive management system for hazardous substances, and formulate the Technical Standards for Environmental Management Substances, which clearly stipulates that raw material suppliers must use environmentally friendly materials. We urge our suppliers to strictly implement the treatment specifications for wastewater, exhaust gas and hazardous solid waste, to ensure that the use of materials and emission management at all stages of the supply chain meet the standards of environmental protection.

We have established a systematic mechanism for the management of responsible mineral procurement, and formulated and optimized the Management Regulations on Responsible Mineral Procurement for key materials such as tantalum, tin, tungsten and gold (3TG) and cobalt, lithium, nickel and natural graphite, and clarified the responsibilities of each department in terms of mineral management. We have established a due diligence mechanism, data processing system and regular supplier screening process to identify and mitigate potential risks.

Occupational Health and Safety

We strictly follow the Law of the People’s Republic of China on Prevention and Control of Occupational Diseases and the Production Safety Law of the People’s Republic of China and other laws and regulations, to establish a sound occupational health and safety management system to ensure that our employees work in a healthy and safe environment. As of the Latest Practicable Date, we did not experience any major safety accidents causing injuries or fatalities. Relying on the EHS digital platform, we regularly identify and update the occupational health and safety risks every year, and update the risk information when there are changes in production process, equipment or other related changes.

BUSINESS

We have set up a leading working group for the dual prevention mechanism, established a potential hazard identification and treatment system, regularly organized risk identification and assessment, and implemented a dual prevention mechanism featuring hierarchical risk management and control and hazard identification, and produced a four-color chart of safety risks and post risk notification cards. In response to the identified risks, we have formulated corresponding control measures based on the actual situation to reduce potential safety hazards.

Anti-corruption and Business Ethics

We adhere to the bottom line of business ethics and continuously monitor the ethical performance of our employees and the enterprise as a whole. By publishing the Provisions on Red Line Management of Compliance in Key Sectors, we have systematically defined anti-bribery and anti-corruption policies and formulated supporting systems to build an integrity management system covering the whole business chain, so as to promote the enterprise and its supply chain to fully comply with the standards of business conduct.

We have established an integrity and compliance governance structure consisting of four levels “Decision-making, Management, Execution and Supervision”. We continued to promote the development of culture of integrity and have established a systematic and multi-level integrity training system. To strengthen internal supervision, we have set up online and offline communication channels to encourage employees and external personnel to share observations regarding misconduct, and have established an internal and external supervision mechanism to enhance the efficiency of identifying and dealing with problems.

Community Development

We actively integrated social resources to focus on key areas such as helping the weak and the poor, educational assistance, medical assistance and disaster relief to continuously support the development of the community and public welfare and charity. We attach great importance to rural revitalization and community development. Through assistance in education, ecology, culture, medical care and other aspects, we actively practice the concept of “gratitude, integration, charity and harmony”, support high-quality rural development in all aspects, and lead the business to goodness.

BUSINESS

LICENSES, PERMITS AND APPROVALS

The following table sets forth certain details of our major licenses, permits, and approvals as of the Latest Practicable Date:

<u>Licenses/Permits/Approvals</u>	<u>Issuing Authority</u>	<u>Issue date</u>	<u>Expiration date</u>
Importer and Exporter of Goods . .	Fuzhong Customs	2003.08.18	Long term
Pollutant Discharge Permit	Bao’an Administration Bureau of Shenzhen Municipal Ecology and Environment Bureau	2024.03.15	2029.03.14
Pollutant Discharge Permit	Bao’an Administration Bureau of Shenzhen Municipal Ecology and Environment Bureau	2024.10.15	2029.10.14
Radiation Safety License	Department of Ecology and Environment of Guangdong Province	2023.11.21	2028.11.20
Pollutant Discharge Permit	Guangming Administration Bureau of Shenzhen Municipal Ecology and Environment Bureau	2024.03.20	2029.03.19
Radiation Safety License	Shenzhen Municipal Ecology and Environment Bureau	2023.08.25	2028.08.24
Customs Record Receipt of Consignees and Consignors of Imported and Exported Goods . .	Nanjing Customs	2020.10.16	Long term

INSURANCE

As of the Latest Practicable Date, our insurance coverage complies with industry practices and is sufficient to cover major assets, facilities, and potential liabilities, including but not limited to property insurance, machinery damage insurance, product liability insurance, export trade credit insurance, and employers’ liability insurance. We purchase insurance based on what we deem appropriate regarding the type and amount of coverage and evaluate our insurance coverage regularly based on past experience, production changes, and industry development.

We are committed to minimizing the risks of product liability claims, warranty claims, and product recalls through stringent quality control measures. If our suppliers are determined to be liable for product liability (in whole or in part), we will assess the compensation or sharing amount that can be claimed from them (if applicable) according to the terms and conditions of the supply contracts with the relevant suppliers. On this basis, we will consider other business factors at our discretion.

BUSINESS

LEGAL PROCEEDINGS AND COMPLIANCE

We are committed to complying with the laws and regulations applicable to our business. During the Track Record Period and up to the Latest Practicable Date, we did not experience non-compliance events that our Directors believe would, individually or collectively, have a significant operational or financial impact on our overall business and operations.

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, there were no legal proceedings pending or threatened against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations. Litigation or any other legal proceedings, regardless of the outcome, may consume significant costs and divert our resources (including the time and attention of our management). For details regarding the potential impacts of legal litigation on us, see “Risk Factors — Risks Relating to Our Legal and Regulatory Requirements — Any legal or regulatory proceedings against us, or non-compliance with A Share listing requirements could be costly and time-consuming to defend or settle and could harm our reputation.”

Sales Contract Dispute

Background of the Litigation

In December 2025, VREMT (Ningbo) Electric Vehicle Technology Co., Ltd.(威睿電動汽車技術(寧波)有限公司, “VREMT”), as plaintiff (“Plaintiff”), commenced a civil action at the Ningbo Intermediate People’s Court (the “Court”) against Sunwoda Mobility Energy, as defendant (“Defendant”), in relation to disputes arising from a series of sales contracts entered into between the parties from 2020 to 2023 (the “Sales Contracts”).

Pursuant to the Sales Contracts, Sunwoda Mobility Energy supplied 246Ah and 173Ah EV battery cells (the “Relevant Products”) to VREMT from June 2021 to December 2023, which were subsequently assembled by VREMT into EV battery packs.

VREMT has alleged that the Relevant Products failed to meet the agreed technical specifications and acceptance standards, which allegedly resulted in battery pack replacements for certain end users and caused VREMT to incur losses. The parties’ technical teams engaged in multiple rounds of discussions. However, given that an EV battery pack is a complex system and its performance and safety are affected by multiple factors (including battery cells, pack design, BMS, thermal management, vehicle integration and other key components), the parties have not been able to reach agreement on the root cause(s), allocation of responsibility and cost sharing arrangements.

BUSINESS

As of the date of this Document, the Court has not yet held a hearing in respect of the case. The Plaintiff and the Defendant are currently engaged in discussions regarding a potential settlement of the dispute. In the event that no settlement is reached prior to the commencement of the court hearing, the case will proceed to trial at first instance. Sundial Law Firm has been engaged by as the PRC litigation counsel (the “PRC Litigation Counsel”) in relation to the case.

Summary of the Plaintiff’s Claims

VREMT alleges that certain EV battery cells supplied by Sunwoda Mobility Energy failed to meet the quality and performance requirements under the Sales Contracts.

The principal relief sought by VREMT includes:

- an order that the Defendant compensate the Plaintiff for losses in the amount of RMB2,313,836,567.29, together with interest calculated at the loan prime rate published by the National Interbank Funding Center from the date of filing to the date of actual payment;
- an order that the Defendant bear the litigation-related costs (including, without limitation, appraisal fees and legal fees); and
- an order that the Defendant bear all court costs.

Potential Liability Exposure and Impact

These claims are commercial disputes in nature, and having considered advice from our PRC litigation counsel, our Directors believe that there is insufficient evidence to support these claims.

As advised by our PRC Litigation Counsel, the amount claimed by the Plaintiff materially differs from the actual amount in dispute. The amount claimed by the Plaintiff covers a broad range of items beyond the cell products supplied by us, including (among others) self-manufactured battery modules costs, BMS costs, system costs, manufacturing margin, transportation costs, after-sales management expenses, penalties, liquidated damages and compensation payable to end customers. Such amount was, to a significant extent, claimed by the Plaintiff based on litigation strategy and does not represent the actual loss amount incurred in the dispute. In judicial practice, the claimed amount is subject to substantial downward adjustment and is unlikely to be fully upheld. In view of the complexity of EV battery pack, and taking into account judgments in similar cases as well as the evidence submitted by both parties, it is unlikely that the court will determine that the Defendant shall bear full responsibility. Based on the above, our PRC Litigation Counsel is of the view that the likelihood of the Plaintiff’s claims being fully granted is remote.

BUSINESS

As of December 31, 2025, we recognized a provision of RMB 274.9 million in relation to the Sales Contracts. The provision comprises (i) warranty reserves of RMB 54.7 million, accrued based on historical warranty claims and our past warranty experience; and (ii) estimated replacement costs of RMB 220.2 million for battery packs designated for replacement, with this amount of the replacement unit having been confirmed by VREMT. In addition, we recognized an allowance for doubtful accounts of RMB 109.0 million against the receivable due from VREMT totaling RMB 1,193.6 million. Based on the above and analysis of our PRC Litigation Counsel, our Directors are of the view that there is insufficient evidence to support Plaintiff’s claims and there is no reliable estimate of claims can be measured at this stage. Therefore, other than the warranty provisions of RMB 274.9 million had been recognized in the consolidated financial statements for the year ended December 31, 2024, no other provision in relation to the Sales Contracts is made as of the Latest Practicable Date.

View from the Directors

Based on the above, the Directors believe that these claims will not have a material adverse effect on our business, results of operations or financial condition for the following reasons: (i) revenue derived from the Plaintiff accounted for only a small portion of our total revenue, with sales amounting to approximately RMB165.3 million in 2024, which represented approximately 0.3% of our total revenue for the same year; and (ii) the amount claimed by the Plaintiff represents approximately 4.1% of our total revenue for 2024. Therefore, even in the remote worst-case scenario, the potential impact on our Group is expected to remain limited.

We intend to defend ourselves vigorously against the allegations and will respond to the complaint. However, as this case is still at an early stage, we cannot predict with certainty its timing, outcome, potential damages, or expenses that may be incurred, and there can be no assurance that we will prevail. Additionally, the potential damages scenario mentioned above is inherently speculative given the early stage of the case and the unresolved questions regarding the Plaintiff’s claims. Any adverse outcome of this case could result in payments of monetary damages and divert our management’s attention from day-to-day operations, and thus have an adverse effect on our business, results of operations, financial condition and reputation. For the potential impact of legal proceedings on us, see “Risk Factors — Risks Relating to Our Business and Industry — Any quality issues associated with our products may expose us to potential product liability, legal disputes and warranty claims, result in product recalls, harm our reputation and cause our sales and market share to decline.”

Additional Measures Adopted by Our Group

Despite our view that there is insufficient evidence to support Plaintiff’s claims, we have re-examined our product quality control and enhanced a set of dispute-management measures, including:

- Customer complaint handling and technical review: establishing a structured mechanism to receive, log and escalate customer feedback and complaints, with clear timelines for initial assessment, technical root-cause analysis, corrective actions and follow-up verification, while maintaining proactive communication with customers throughout the process.

BUSINESS

- Cross-functional governance: adopting a coordinated workflow led by the quality team with support from customer service and legal teams, covering (i) evidence preservation and internal reporting, (ii) technical evaluation and external communications (where applicable), and (iii) litigation support and strategy execution.

The Directors view these measures as adequate and effective, and consistent with industry practice.

Tariffs on Our Products

The global trade landscape is currently highly volatile. Various countries have announced plans for and/or have already implemented new or modified tariffs. In particular, the United States announced broad tariffs on imports from all countries, comprising a 10% baseline tariff and varying reciprocal tariffs on certain trade partners, including a 125% tariff for most goods from China. In response, China and other countries have announced retaliatory actions or plans for retaliatory actions. On April 9, 2025, the United States implemented a 90-day pause on the varying reciprocal tariffs except for those on Chinese goods, leaving the 10% baseline tariff in place. On May 12, 2025, China and the United States jointly announced a 90-day suspension of certain of their trade restrictions, so that the United States will impose tariffs of 30% on most Chinese imports during this period, while China will impose tariffs of 10% on U.S. imports. The two sides agreed to continue negotiations during this period. On August 12, 2025, China and the United States jointly announced another 90-day suspension of select tariff measures, under which the United States will pause the additional 24% tariffs on Chinese goods while maintaining the 10% baseline, and China will similarly suspend its retaliatory 24% tariffs on U.S. goods. On October 10, 2025, President Trump publicly indicated the potential imposition of an additional 100% tariff on Chinese imports into the United States. Subsequently, this proposal was retracted. Given ongoing discussions between the United States and its trade partners, including China, there remains significant uncertainty about whether the United States may further change the scope, level and interpretation of tariffs it imposes. See “Risk Factors — Risks Relating to the Legal and Regulatory Requirements — Changes in tariffs may adversely affect our international sales.”

After consultations with our legal advisor as to international trade compliance and taking into account its view, the Directors believe that the U.S. tariffs, including the corresponding tariff policies introduced by other countries or regions (such as the E.U.), under the worst-case scenario where the U.S. tariffs on our products increase to the historic high as imposed earlier this year, will not have a material and adverse impact on our business and results of operations, on the bases that (i) we derived only an immaterial portion of our revenue from sales to the U.S. and E.U. during the Track Record Period; (ii) we have very limited direct exports to the U.S. and E.U. markets; (iii) during the Track Record Period, in transactions with our U.S. and E.U. customers, the customers are typically responsible for clearing customs and paying the import duties; and (iv) our revenue continued to grow steadily during the period when elevated U.S. tariffs were in effect in 2025. See “Summary — Recent Developments and No Material Adverse Change — Recent Developments” for details. We are also taking active measures to

BUSINESS

mitigate the risks from the changing tariff and international trade landscape, including expanding our production capacity overseas and diversifying our customer base. Based on the due diligence conducted by the Joint Sponsors, nothing has come to the Joint Sponsors’ attention that would reasonably cause them to doubt the Directors’ view above.

U.S. Outbound Investment Rule

On January 2, 2025, the U.S. Department of the Treasury’s outbound investment rule came into effect, introducing restrictions on U.S. investments in Chinese entities involved in certain activities. Based on the Company’s assessment and the advice of its international trade compliance counsel, the Company is not currently engaged in any covered activities under the regulation or in a relationship described in the regulation with an entity engaged in such activities. However, there can be no assurance that future changes in applicable regulations or interpretations will not have an impact on the Company’s future capital-raising activities. See “Risk Factors — Risks Relating to the Legal and Regulatory Requirements — We may be affected by the U.S. Outbound Investment Rule in the future, which could adversely impact our ability to raise capital from U.S. persons” “Regulatory Overview — U.S. Outbound Investment Rule” for details.

RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management

We face various risks in our business operations. We are promoting the establishment of an overall risk management mechanism covering risk identification, assessment and response, and gradually realizing the integrated operation of compliance and risk control. Specifically:

- Risk assessment mechanisms have been established for certain key business lines, which stipulate the risk assessment process and risk classification criteria for their respective fields;
- Each relevant department is responsible for the assessment of risks and opportunities of its own department, and formulates corresponding measures to avoid or reduce risks and implement them;
- We continuously promote the information technology of risk management, using IT methods to achieve process control and data tracking, enhancing our early warning capabilities;
- We have incorporated major risk prevention and control into the reward and punishment management requirements;
- We also regularly organize risk training and external benchmark learning activities to enhance overall awareness of risks and response capabilities.

BUSINESS

Internal Control

We have engaged independent internal control consultants to help identify risks related to our operations and make recommendations on how to mitigate those risks. During the review by the independent internal control consultants, several minor deficiencies were identified based on sampling review, such as the lack of certain governance policies, and we have taken appropriate internal control measures to correct these issues. During the Track Record Period and up to the Latest Practicable Date, we found no significant internal control deficiencies or incidents, nor did our independent internal control consultants.

We have established an internal control system that covers a three-tier framework, including strategic level (such as investment decisions and business planning), operational level (covering business processes like production, supply, sales, and research), and supporting level (such as finance, HR, IT, and compliance). Each module corresponds to subprocesses, SOPs, and forms, which are coordinated and supervised by the quality center. We also have a dedicated internal audit and compliance team, with core members having backgrounds in law firms, auditing, and internal control, as well as IT auditors to enhance data analysis and control effectiveness.

We place great emphasis on integrity in operations and have established a multi-tiered anti-bribery, anti-fraud, and anti-money laundering control mechanism. Specific measures include:

- Establishing a multi-channel communication platform (such as email, phone, and physical mailbox);
- Implementing a system of integrity declarations and compliance commitments for all employees;
- Establishing a fraud risk assessment model and system monitoring mechanism, covering SRM procurement anomalies monitoring;
- Regularly conducting compliance promotion and anti-fraud case education.

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, there have been no incidents of violation of our anti-bribery, anti-corruption, and anti-money laundering policies and procedures.

DIRECTORS AND SENIOR MANAGEMENT

OVERVIEW

Upon [REDACTED], our Board will consist of seven Directors, comprising three executive Directors, one non-executive Directors and three independent non-executive Directors. Our Directors are appointed for a term of three years and are eligible for re-election upon expiry of their term of office.

Our senior management is responsible for the daily operations of our Company.

BOARD OF DIRECTORS

The following table sets forth the key information about our Directors.

Name	Age	Position/Title	Time of Joining our Group	Time of Appointment as a Director	Responsibilities
Executive Directors					
Mr. Wang Wei (王威)	50	Executive Director, chairman of the Board and general manager	December 1997	September 2008	Overall formulation and decision-making of the major business policies and strategic objectives of the Group
Dr. Xiao Guangyu (肖光昱).	58	Executive Director and chief digital officer	July 2004	September 2008	Overseeing the informatization of the Group
Mr. Zeng Di (曾玓)	45	Executive Director, deputy general manager and Board secretary	March 2016	May 2017	Overseeing the general operation, investment and management of the Board secretary office
Non-executive Director					
Mr. Zhou Xiaoxiong (周小雄).	64	Non-executive Director	September 2008	September 2008	Overseeing our Group’s management and providing advice on strategic development
Independent Non-executive Directors					
Dr. Wu Qiyu (吳崎右).	46	Independent non-executive Director	May 2024	May 2024	Providing independent advice and judgment to the Board
Mr. Tang Xu (湯旭)	64	Independent non-executive Director	September 2023	September 2023	Providing independent advice and judgment to the Board
Dr. Zhang Jianjun (張建軍).	60	Independent non-executive Director	May 2020	May 2020	Providing independent advice and judgment to the Board

DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Wang Wei (王威), aged 50, is an executive Director, the chairman of the Board and the general manager of our Company. Mr. Wang co-founded our Company, with Mr. Wang Mingwang, in December 1997. From December 1997 to August 2008, Mr. Wang served as our marketing director and in charge of our market development, as well as customer breakthrough. Mr. Wang has been a Director of our Company from September 2008 to September 2014 and has been served as our chairman of the Board since October 2016. Mr. Wang is responsible for the overall formulation and decision-making of the major business policies and strategic objectives of the Group. Besides, Mr. Wang also serves as a director or senior management in certain subsidiaries of our Company.

Mr. Wang completed the executive master in business administration research and advanced study class (高級工商管理碩士課程研修班) at the Tsinghua University (清華大學) in the PRC in October 2006.

Mr. Wang is recognized as a senior economist (正高級經濟師) by Shenzhen Human Resources and Social Security Administration (深圳市人力資源和社會保障局) in April 2019.

Dr. Xiao Guangyu (肖光昱) (former name: Xiao Guangcai (肖光彩)), aged 58, is an executive Director and chief digital officer of our Company. Dr. Xiao joined our Group in July 2004 and was appointed as a Director on September 10, 2008. Dr. Xiao also served as our chief financial officer until September 2023. In October 2023, Dr. Xiao was appointed as our chief digital officer. Dr. Xiao is responsible for overseeing the informatization of the Group.

Dr. Xiao has more than 20 years of experience in financing management. Prior to joining our Company, Dr. Xiao worked for Bank of China Maoming Branch (中國銀行茂名分行), a branch of the Bank of China (中國銀行), a company listed on the Shanghai Stock Exchange (stock code: 601998.sh) and the Stock Exchange (stock code: 3988.hk) and Shenzhen WRT Industry Co., Ltd. (深圳市慧銳通實業有限公司).

Dr. Xiao finished his undergraduate study majoring in economic management in the Guangdong Provincial Committee of the Communist Party of China (廣東省委黨校) in the PRC in December 1996, and completed the Advanced Executive Program for Chief Financial Officers at the School of Business, Sun Yat-sen University in November 2008. He further pursued his studies at Community Business College in the United States, where he earned a master's degree and doctorate degree in international finance in September 2021 and May 2023, respectively.

DIRECTORS AND SENIOR MANAGEMENT

Dr. Xiao is recognized as a High-Level Professional in Shenzhen (深圳市高層次專業人才) by Shenzhen Human Resources and Social Security Administration (深圳市人力資源和社會保障局) in December 2020, a senior economist (正高級經濟師) by Guangdong Human Resources and Social Security Administration (廣東省人力資源和社會保障廳) in December 2019, a medium level accountant (中級會計師) by Hainan Department of Personnel, Labor and Social Security (海南省人事勞動保障廳) in December 2009 and a Senior International Financial Planning Professional of the Chinese Enterprise Operation and Management Talent Bank in May 2006. Also, Dr. Xiao is a fellow of the Institute of Public Accountants.

Mr. Zeng Di (曾玓) (former name: Zeng Zhuo (曾灼)), aged 45, is an executive Director, deputy general manager and Board secretary of our Company. Mr. Zeng joined our Group in March 2016 as the general manager of investment and development department. Since May 2017, Mr. Zeng has served as our Director and Board secretary. Mr. Zeng is responsible for overseeing the general operation, investment and management of the Board secretary office.

Mr. Zeng has more than 15 years of experience in corporate finance. Prior to joining our Company, Mr. Zeng has held several key positions at First Capital Securities Co., Ltd. (第一創業證券股份有限公司), J.P. Morgan First Capital Securities Co., Ltd. (第一創業摩根大通證券有限責任公司) and Credit Suisse Founder Securities Limited (瑞信方正證券有限責任公司), successively. Besides, since July 2025, Mr. Zeng has served as an independent director of Guangdong Vision Tooling Technology Co., Ltd. (廣東中泰工業科技股份有限公司) and since December 2025, Mr. Zeng has served as a director of Jiangsu Allfavor Intelligent Circuits Technology CO., Ltd (江蘇本川智能電路科技股份有限公司).

Mr. Zeng obtained his bachelor’s degree in accounting and a master’s degree in finance from Southwestern University of Finance and Economics (西南財經大學) in the PRC in June 2003 and January 2008, respectively.

Mr. Zeng is recognized as a senior economist (正高級經濟師) by Guangdong Human Resources and Social Security Administration (廣東省人力資源和社會保障廳) in November 2020. Mr. Zeng is also recognized as a High-Level Professional in Shenzhen (深圳市高層次專業人才) by Shenzhen Human Resources and Social Security Administration (深圳市人力資源和社會保障局) in August 2020.

Non-executive Director

Mr. Zhou Xiaoxiong (周小雄), aged 64, joined our Group as a Director in September 2008. Mr. Zhou is responsible for Overseeing our Group’s management and providing advice on strategic development.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Zhou has more than 40 years of experience in banking and corporate finance. Prior to joining our Company, from July 1983 to September 1989, Mr. Zhou served for the People’s Bank of China Guangdong Branch (中國人民銀行廣東省分行). From September 1989 to February 2002, Mr. Zhou worked for Bank of China (a company listed on the Shanghai Stock Exchange, stock code: 601998.sh and the Stock Exchange, stock code: 3988.hk), including its affiliates, with his last position being the general manager of Bank of China Shenzhen International Trust Consulting Co. Ltd. (中國銀行深圳國際信託諮詢公司). Afterwards, Mr. Zhou also worked for Zhongshan Securities Co., Ltd. (中山證券有限責任公司) as a senior management. From January 2008 to August 2020, Mr. Zhou worked for J.P. Morgan Futures Company (摩根大通期貨有限公司), a subsidiary of JPMorgan Chase & Co., which is listed on the New York Stock Exchange (stock code: JPM.nyse) as the chairman of the board, responsible for the formulation of company strategic planning and development goals. Besides, since August 2013, Mr. Zhou founded Zhuhai Mailande Equity Investment Management Co., Ltd. (珠海市邁蘭德私募基金管理有限公司).

In addition, Mr. Zhou is holding or held directorship in the following listed companies:

Duration	Listed company	Stock exchange on which the company is listed and its stock code	Position held
November 2005 to present	China Boton Group Company Limited (中國波頓集團有限公司)	Stock Exchange, stock code: 3318.hk	Independent non-executive director
January 2019 to January 2024	Shenzhen Ellassay Fashion Co., Ltd. (深圳歌力思服飾股份有限公司)	Shanghai Stock Exchange, stock code: 603808.sh	Independent director
April 2022 to present .	Shenzhen Laibao Hi-tech Co., Ltd. (深圳萊寶高科技股份有限公司)	Shenzhen Stock Exchange, stock code: 002106.sz	Independent director
May 2023 to present .	Shenguan Holdings (Group) Limited (神冠控股(集團)有限公司)	Stock Exchange, stock code: 0829.hk	Independent non-executive director

Mr. Zhou obtained his bachelor’s degree in economic information management from Renmin University of China (中國人民大學) in the PRC in July 1983. Mr. Zhou completed the executive master in business administration study (高級工商管理碩士課程) at the Tsinghua University (清華大學) in the PRC in July 2008.

Mr. Zhou is recognized as a senior economist (高級經濟師) by Bank of China in December 1995. Mr. Zhou also obtained securities practice qualification from the Securities Association of China (中國證券業協會) in March 2004, futures practice qualification from the China Futures Association (中國期貨業協會) in September 2008 and fund practice qualification from the Asset Management Association of China (中國證券投資基金業協會) in June 2017.

DIRECTORS AND SENIOR MANAGEMENT

Independent Non-executive Directors

Dr. Wu Qiyu (吳崎右), aged 46, joined our Group as an independent Director in May 2024. Dr. Wu is responsible for supervising and providing independent judgment to our Board.

Dr. Wu has more than 20 years of experience in financial regulation. Previously, Dr. Wu served for China Securities Regulatory Commission Shenzhen Regulatory Bureau and Shenzhen Futures Association (深圳市期貨業協會), with her last position being deputy secretary general.

In addition, Dr. Wu holds directorship in the following listed companies:

Duration	Listed company	Stock exchange on which the company is listed and its stock code	Position held
December 2023 to present	Shenzhen Fuanna Bedding and Furnishing Co., Ltd. (深圳市富安娜家居用品股份有限公司)	Shenzhen Stock Exchange, stock code: 002327.sz	Independent director
March 2024 to present	Chongyi Zhangyuan Tungsten Co., Ltd. (崇義章源鎢業股份有限公司)	Shenzhen Stock Exchange, stock code: 002378.sz	Independent director

Dr. Wu obtained her bachelor’s and master’s degree in economics from Jinan University (暨南大學) in the PRC in June 2001 and June 2004, respectively. She then received a doctorate degree in management from University of Science and Technology of China (中國科學技術大學) in the PRC in June 2010.

Dr. Wu is recognized as a senior economist (高級經濟師) by the People’s Bank of China in July 2017.

Mr. Tang Xu (湯旭), aged 64, joined our Group as an independent Director in September 2023. Mr. Tang is responsible for supervising and providing independent judgment to our Board.

Mr. Tang has more than 20 years of experience in electric power industry. From March 2001 to November 2020, Mr. Tang worked for Shanghai Voith Hydropower Equipment Co., Ltd. (上海福伊特水電設備有限公司) and his last position being executive vice president.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Tang obtained his bachelor’s degrees in metal forming from Northeastern University (東北大學) in the PRC in July 1982. Mr. Wang also completed the master program of executive management in business administration (高級管理人員工商管理碩士課程) at Shanghai Jiao Tong University (上海交通大學) in the PRC in November 2005.

Dr. Zhang Jianjun (張建軍), aged 60, joined our Group as an independent Director in May 2020. Dr. Zhang is responsible for supervising and providing independent judgment to our Board.

Dr. Zhang has more than 20 years of experience in accounting. Dr. Zhang joined Shenzhen University (深圳大學) in May 2001 and currently served as a professor of College of Economics of Shenzhen University (深圳大學經濟學院) and director of Shenzhen University Institute of Accounting and Finance (深圳大學會計與財務研究所), responsible for teaching and research of accounting.

In addition, Dr. Zhang holds or held directorship in the following listed companies:

Duration	Listed company	Stock exchange on which the company is listed and its stock code	Position held
December 2015 to January 2022	Shenzhen Jieshun Science and Technology Industry Co., Ltd. (深圳市捷順科技實業股份有限公司)	Shenzhen Stock Exchange, stock code: 002609.sz	Independent director
April 2019 to December 2023 . . .	Shenzhen SDG Service Co., Ltd. (深圳市特發服務股份有限公司)	Shenzhen Stock Exchange, stock code: 300917.sz	Independent director
March 2020 to April 2024	Shenzhen Hui Chuang Da Technology Co., Ltd. (深圳市匯創達科技股份有限公司)	Shenzhen Stock Exchange, stock code: 300909.sz	Independent director
August 2022 to present	Shenzhen Crastal Technology Co., Ltd. (深圳市北鼎晶輝科技股份有限公司)	Shenzhen Stock Exchange, stock code: 300824.sz	Independent director
April 2023 to present .	Avary Holding (Shenzhen) Co., Limited (鵬鼎控股(深圳)股份有限公司)	Shenzhen Stock Exchange, stock code: 002938.sz	Independent director

Dr. Zhang obtained his bachelor’s degree in business accounting and master’s degree in accounting from Anhui University of Finance and Economics (安徽財經大學) in the PRC in July 1985 and January 1992, respectively. He then received a doctorate degree in accounting from Shanghai University of Finance and Economics (上海財經大學) in the PRC in January 1996.

DIRECTORS AND SENIOR MANAGEMENT

Since May 2020, after Dr. Zhang was appointed as our Independent Non-Executive Director, he has applied his expertise in internal controls and analyzing audited financial statements of public companies to our financial operation: (i) in the area of financial statement analysis, Dr. Zhang maintains close communication with the auditors, ensuring timely, fair, and transparent audit results; (ii) in the area of internal control, Dr. Zhang reviews internal audit reports, supports staff training, and strengthens our risk management and control systems; and (iii) in the area of corporate governance, Dr. Zhang promotes our cooperation with auditors, enhancing transparency and improving our governance structure.

Dr. Zhang has been and remains responsible for the following areas in his capacity as a professor of accounting, an independent director and member of the audit committee of listed companies, through which he has gained the financial management expertise required under Rule 3.10(2) of the Listing Rules:

- lecturing on and teaching accounting, auditing and financial management related courses at Shenzhen University (深圳大學), which also covers financial statements and internal control matters of listed companies;
- being the director of Shenzhen University Institute of Accounting and Finance (深圳大學會計與財務研究所);
- being the author of numerous papers covering financial statements and internal control matters of listed companies, and related textbooks and monographs;
- working closely with the listed companies where he worked or is working in the preparation of their financial statements, valuation analysis, participation in pricing and negotiation of transaction terms and other related financial documents in advance of their publication;
- being an independent director in listed companies for around ten years and also member of the audit committees of the listed companies mentioned above, in the course of performing his duties, he was frequently involved in their financial management, internal control and corporate governance matter. He also accumulated sufficient financial expertise during attending the listed companies’ annual budget meetings, periodic financial reviews, annual financial audits and reporting process, where he further acquired the experience and capabilities to review and analyse audited financial statements of listed companies;
- in terms of financial statements analysis, taking advantage of his academic experience in the research of financial statements studies for both public or non-public companies, Dr. Zhang has been maintaining close communication with the auditors during his performance of duty as an independent Director in the companies he worked or is working at, and ensured timely, fair and transparent audit results were presented;

DIRECTORS AND SENIOR MANAGEMENT

- in terms of internal control, during his performance of directorship for over a decade, Dr. Zhang routinely reviewed internal audit reports, supported relevant company staff trainings, and made recommendations on strengthening risk management and control systems; and
- in terms of corporate governance, Dr. Zhang has been routinely attending board meetings and discussing major corporate development decisions with the management team. He has accumulated abundant experience in reviewing corporate governance documents, making recommendations and decisions at board and committee level and communication with shareholders as director.

SENIOR MANAGEMENT

The following table sets forth the key information about our senior management.

Name	Age	Position/Title	Time of Joining our Group	Time of Appointment as a Member of Senior Management	Responsibilities
Mr. Wang Wei (王威)	50	Executive Director, chairman of the Board and general manager	December 1997	October 2016	Overall formulation and decision-making of the major business policies and strategic objectives of the Group
Mr. Zeng Di (曾玓)	45	Executive Director, deputy general manager and Board secretary	March 2016	May 2017	Overseeing the general operation, investment and management of the Board secretary office
Mr. Liu Jie (劉傑)	49	Chief financial officer and deputy general manager	June 2008	September 2023	Overseeing the financial operations of the Group
Mr. Liang Rui (梁銳)	58	Chief sustainability officer and deputy general manager	November 2016	November 2016	Overseeing the sustainability objectives and initiatives of the Group

Mr. Wang Wei (王威), aged 50, is an executive Director, the chairman of the Board and the general manager of our Company. For the biography of Mr. Wang, please refer to “— Board of Directors — Executive Directors” in this section.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Zeng Di (曾鈞) (former name: Zeng Zhuo (曾灼)), aged 45, is an executive Director, deputy general manager and Board secretary of our Company. For the biography of Mr. Zeng, please refer to “— Board of Directors — Executive Directors” in this section.

Mr. Liu Jie (劉傑), aged 49, is the chief financial officer and a deputy general manager of our Company. Mr. Liu is responsible for overseeing the financial operations of the Group.

Mr. Liu joined our Company in June 2008 as a financial manager. Prior to joining our Company, Mr. Liu worked for Shenzhen Yixingxing Technology Co., Ltd. (深圳毅興星科技有限公司).

Mr. Liu finished undergraduate study in accounting in Shenzhen University (深圳大學) in the PRC in February 2009. He further pursued his studies at Tulane University of Louisiana in the United States, where he earned a master’s degree in finance in December 2018.

Mr. Liu is recognized as a senior economist (正高級經濟師) by Guangdong Provincial Economic Professionals Senior Professional Title Evaluation Committee (廣東省經濟專業人員高級職稱評審委員會) in January 2020.

Mr. Liang Rui (梁銳), aged 58, the chief sustainability officer and a deputy general manager of our Company. Mr. Liang is responsible for overseeing the sustainability objectives and initiatives of the Group.

Mr. Liang joined our Company in November 2016 as a deputy general manager and was appointed as our chief sustainability officer in February 2024. Prior to joining our Company, Mr. Liang served for Tianjin Science and Technology Association (天津市科學技術協會) with his last position being a deputy director of Tianjin Foreign Technical and Economic Service Center (天津市對外技術經濟服務中心) and worked for Tianjin Lishen Battery Joint-Stock Co., Ltd. (天津力神電池股份有限公司), with his last position being an executive vice president.

Besides, Mr. Liang served as a vice chairman of China Chemical and Physical Power Industry Association (中國化學與物理電源行業協會) since December 2022 and a vice chairman of China Battery Industry Association Electrical Equipment Branch (中國電池工業協會電氣裝備分會) since April 2023.

Mr. Liang obtained his bachelor’s degree in English for science and technology from Huazhong University of Science and Technology (華中理工大學) in the PRC in July 1990. He further pursued his studies at Nankai University (南開大學) in the PRC, where he earned master’s degrees in business administration in 2004. Mr. Liang also completed the executive master of business administration study (工商管理碩士課程) at the China Europe International Business School (中歐國際工商學院) in the PRC in August 2021.

DIRECTORS AND SENIOR MANAGEMENT

GENERAL

On November 11, 2015, the CSRC issued an administrative penalty decision letter to Mr. Wang Mingwang, one of the Single Largest Shareholders, in relation to his sale of 6,628,671 A Shares with a total transaction value of RMB194,822,477.3 from May 23, 2014 to August 28, 2014. According to the relevant laws and regulations in the PRC, Mr. Wang Mingwang was required to fulfill the reporting and disclosure obligation when the sale amount reached certain threshold as stipulated in relevant regulations. Mr. Wang Mingwang continued to reduce his shareholding in the Company’s A Shares without fulfilling his reporting obligation as required, which constituted a breach of article 193 and article 204 of the Securities Law of the People’s Republic of China. The CSRC issued a penalty decision, including a warning to Mr. Wang Mingwang, requiring him to make a public apology with monetary penalty. Mr. Wang Mingwang carried out the apologies and paid up the penalty shortly after his received the decision.

During the period from January 1, 2021 to December 31, 2021, our Company conducted several transactions with a company, which is deemed as a related-party under A-share regulations, and the transaction amount is RMB45,796,300, represented approximately 0.12% of our revenue for that year. Even though these transactions were not disclosed in advance, upon identifying these transactions as related party transaction in July 2021, our Company promptly convened a board meeting to ratify the transactions and made the necessary disclosures. In November 2022, our Company was requested by the CSRC Shenzhen Bureau to attend a regulatory interview.

As of the Latest Practicable Date and to the Company’s best knowledge, (i) the aforementioned incidents have been concluded, (ii) there has not been any further regulatory request, action or correspondence between Mr. Wang Mingwang, the Company and the CSRC, and (iii) save as disclosed above, Mr. Wang Mingwang and the Company have not been imposed any other penalties or involved in other investigation, hearing or proceeding brought or instituted by any securities regulatory authority relating to the aforementioned incident.

Save as disclosed above, none of the Directors or members of senior management of our Company has been a director of any public company the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this Document.

Save as disclosed above, none of the Directors or members of the senior management of our Company is related to any other Directors and members of the senior management of our Company.

Save as disclosed herein, to the best knowledge, information and belief, our Directors having made all reasonable inquiries, there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of the Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules as of the Latest Practicable Date.

DIRECTORS AND SENIOR MANAGEMENT

JOINT COMPANY SECRETARIES

Mr. Zeng Di (曾玓) has been appointed as our joint company secretary in July 2025, taking effect upon the [REDACTED]. For his biographical details, see “— Executive Directors” in this section.

Ms. Chan Pui Ching (陳佩貞) has been appointed as our joint company secretary in July 2025, taking effect upon the [REDACTED].

Ms. Chan is a Senior Manager of Company Secretarial Services of Tricor Services Limited, a member of Vistra Group. Ms. Chan has over 17 years of experience in the corporate secretarial field. She has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies.

Ms. Chan is a Chartered Secretary, a Chartered Governance Professional and an Associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. Ms. Chan obtained a Bachelor of Social Sciences Degree from The University of Hong Kong in 2003.

BOARD COMMITTEES

Our Board delegates certain responsibilities to various committees. In accordance with the relevant PRC laws and regulations and the Corporate Governance Code, our Company has formed four Board committees, namely the Audit Committee, the Remuneration and Assessment Committee, the Nomination Committee and the Strategy and Sustainable Development 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 D.3 of the Corporate Governance Code. The Audit Committee consists of three Directors, namely Dr. Zhang Jianjun, Mr. Tang Xu and Mr. Zhou Xiaoxiong. Dr. Zhang Jianjun holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules and serves as the chairman of the Audit Committee. The primary duties of the Audit Committee include, but not limited to, reviewing the Company’s financial information and its disclosure, monitoring and evaluating internal and external audit work and internal controls. The primary duties of the Audit Committee include, but not limited to, the following:

- proposing the appointment or change of external auditors to our Board, and monitoring the independence of external auditors and evaluating their performance;
- examining the financial information of our Company and reviewing financial reports and statements of our Company;

DIRECTORS AND SENIOR MANAGEMENT

- examining the financial reporting system, the risk management and internal control system of our Company, overseeing their rationality, efficiency and implementation and making recommendations to our Board; and
- dealing with other matters that are authorized by our Board.

Nomination Committee

We have established a Nomination Committee with written terms of reference in compliance with paragraph B.3 of the Corporate Governance Code. The Nomination Committee consists of three Directors, namely Mr. Tang Xu, Dr. Wu Qiyou and Dr. Xiao Guangyu. Mr. Tang Xu serves as the chairman of the Nomination Committee. The primary duties of the Nomination Committee include, but not limited to, developing standards and procedures for the election of our Board members, chief executive officer and members of the senior management, and selecting and examining the qualifications of the candidates for our Board members, chief executive officer and members of the senior management. The primary duties of the Nomination Committee include, but not limited to, the following:

- conducting extensive search and providing to our Board suitable candidates for our Directors, chief executive officer and other members of the senior management;
- reviewing the structure, size and composition of our Board at least annually, assist the Board in maintaining a board skills matrix and making recommendations on any proposed changes to our Board;
- researching and developing standards and procedures for the election of our Board members, chief executive officer and members of the senior management, and making recommendations to our Board;
- supporting the Company’s regular evaluation of the Board’s performance; and
- dealing with other matters that are authorized by our Board.

Remuneration and Evaluation Committee

We have established a Remuneration and Evaluation Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1 of the Corporate Governance Code. The Remuneration and Evaluation Committee consists of three Directors, namely Dr. Wu Qiyou, Mr. Tang Xu and Dr. Xiao Guangyu. Dr. Wu Qiyou serves as the chairwoman of the Remuneration and Evaluation Committee. The primary duties of the Remuneration and Evaluation Committee include, but not limited to, formulating evaluation standard for Directors and senior management and implementation of the evaluation, and formulating and reviewing the remuneration policies and plans for Directors and senior management. The primary duties of the Remuneration and Evaluation Committee include, but not limited to, the following:

DIRECTORS AND SENIOR MANAGEMENT

- making recommendations to the Board on the Company’s policy and structure for all Directors’ and senior management’s remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- monitoring the implementation of remuneration system of our Company;
- making recommendations on the remuneration packages of our Directors and senior management; and
- dealing with other matters that are authorized by our Board.

Strategy and Sustainable Development Committee

We have established a Strategy and Sustainable Development Committee. The Strategy and Sustainable Development Committee consists of five Directors, namely Mr. Wang Wei, Mr. Zhou Xiaoxiong, Dr. Zhang Jianjun, Mr. Zeng Di and Dr. Wu Qiyu. Mr. Wang Wei serves as the chairman of the Strategy and Sustainable Development Committee. The primary duties of the Strategy and Sustainable Development Committee include, but not limited to, conducting research and making recommendations on our Company’s long-term development plan, business strategies and objectives and development policies, and major strategic investment and financing programs. The primary duties of the Strategy and Sustainable Development Committee include, but are not limited to, the following:

- conducting extensive research and making recommendations on the long-term strategic development plans of our Company, in particular, to enhance the Company’s sustainability in areas of ESG;
- conducting research and providing recommendations on major investment activities and financing proposals that are subject to the approval by the Board in accordance with the Articles of Association of our Company;
- conducting extensive research and furnishing recommendations on major capital financing and asset management projects that are required to be approved by the Board as stipulated in the Articles of Association of our Company;
- conducting extensive research, evaluating and supplementing recommendations to pivotal ESG trends and associated risks and opportunities that our Company faces;
- overseeing the formulation and implementation of our Company’s ESG objectives, among others, setting performance goals in respect of our Company’s ESG management, tracking the progress towards the achievement of the goals and advising on the forthcoming measures to meet the goals; and
- dealing with other matters that are crucial to the development of our Company.

DIRECTORS AND SENIOR MANAGEMENT

CONFIRMATIONS 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, either directly or indirectly, with our Company’s business which would require 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 in July 2025, and (ii) understands his or her obligations as a director of a [REDACTED] issuer under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors has confirmed (i) his or her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) that he or 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 or her independence at the time of his/her appointments.

COMPENSATION OF DIRECTORS

Our Directors receive compensation in the form of fees, salaries, performance-related bonuses, pension scheme contributions, and equity-settled share-based payment expenses.

For the years ended December 31, 2022, 2023 and 2024, and nine months ended September 30, 2025 the aggregate amount of remuneration paid or payable to our Directors amounted to RMB7.97 million, RMB7.34 million, RMB10.53 million and RMB5.50 million, respectively.

Under the current compensation arrangement, we estimate the total compensation before taxation to be accrued to our Directors for the year ending December 31, 2026, to be approximately RMB9.61 million.

The total emoluments for the remaining individuals among the five highest paid individuals amounted to RMB30.84 million, RMB97.16 million, RMB150.61 million and RMB93.25 million for the years ended December 31, 2022, 2023 and 2024, and nine months ended September 30, 2025, respectively.

DIRECTORS AND SENIOR MANAGEMENT

During the Track Record Period, no remuneration was paid by our Company to, or receivable by, our Directors 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 our Company or any of our subsidiaries.

During the Track Record Period, none of our Directors waived any remuneration. Save as disclosed above, no other payments have been paid, or are payable, by our Company or any of our subsidiaries to our Directors or the five highest paid individuals during the Track Record Period.

CORPORATE GOVERNANCE

Pursuant to Code Provision C.2.1 of part 2 of the Corporate Governance Code as set out in Appendix C1 of the Listing Rules, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairman and the chief executive officer should be separate and should not be performed by the same individual. We do not have a separate chairman and chief executive officer and Mr. Wang Wei currently performs these two roles. The Board believes that vesting the roles of both chairman and chief executive officer 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 and this structure will enable the Company to make and implement decisions promptly and effectively.

BOARD DIVERSITY POLICY

In order to enhance the effectiveness of our Board and to maintain the high standard of corporate governance, we [have adopted] the board diversity policy which sets out the objective and approach to achieve and maintain diversity of our Board. Pursuant to the board diversity policy, we seek to achieve board diversity through the consideration of a number of factors when selecting the candidates to our Board, including but not limited to gender, skills, age, professional experience, knowledge, cultural and educational background, and length of service. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to our Board.

Our Directors have a balanced mix of knowledge and skills, including overall management and strategic development, finance and accounting and corporate governance in addition to industry experience. We have three independent non-executive Directors with different industry backgrounds, representing more than one-third of the members of our Board. Dr. Wu Qiyu is our female Director. Our Company has evaluated the structure, size and composition of our Board, and is of the opinion that the structure of our Board is reasonable, and the experience and skills of the Directors in various aspects and fields can enable our Company to maintain a high standard of operations.

DIRECTORS AND SENIOR MANAGEMENT

Besides, we particularly recognize the importance of gender diversity. We have taken, and will continue to take, steps to promote gender diversity at all levels of our Company, including but without limitation to our Board and senior management levels. Going forward, we will continue to work to enhance gender diversity of our Board when selecting and recommending suitable candidates for Board appointments. Our Company also intends to promote gender diversity at the mid to senior level so that our Company can maintain a balanced gender ratio at different levels. Taking into account our existing business model and specific needs as well as the different background of our Directors, the composition of our Board satisfies our board diversity policy.

Our Nomination Committee is responsible for ensuring the diversity of our Board members. After the [REDACTED], our Nomination Committee will examine the board diversity policy from time to time to ensure its continued effectiveness and we will disclose in our corporate governance report about the implementation of the board diversity policy on an annual basis.

COMPLIANCE ADVISOR

We have appointed Somerley Capital Limited as our Compliance Advisor pursuant to Rules 3A.19 and 3A.23 of the Listing Rules. The Compliance Advisor 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 Advisor 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] from 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] volume 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 Advisor 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 Advisor will also inform our Company of any new or amended laws and regulations in Hong Kong applicable to us, and advise us on all other applicable requirements under the Listing Rules, laws, rules, code and guidelines.

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].

SHARE CAPITAL

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 issued share capital of our Company was 1,847,462,446 A Shares (including 7,521,629 treasury shares) of nominal value of RMB1.00 each, all of which are listed on the Shenzhen Stock Exchange.

Description of Shares	Number of Shares	Percentage of issued share capital (%)
A Shares in issue	1,847,462,446	100.00
Total	<u>1,847,462,446</u>	<u>100.00</u>

UPON COMPLETION OF THE [REDACTED]

Immediately following completion of the [REDACTED], assuming that the [REDACTED] is not exercised and no new Shares are issued under the Share Incentive Plans, the issued share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the enlarged issued share capital (%)
A Shares in issue	1,847,462,446	[REDACTED]
H Shares to be issued pursuant to the [REDACTED]	[REDACTED]	[REDACTED]
Total	<u>[REDACTED]</u>	<u>100.00</u>

Immediately following completion of the [REDACTED], assuming that the [REDACTED] is fully exercised and no new Shares are issued under the Share Incentive Plans, the issued share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the enlarged issued share capital (%)
A Shares in issue	1,847,462,446	[REDACTED]
H Shares to be issued pursuant to the [REDACTED]	[REDACTED]	[REDACTED]
Total	<u>[REDACTED]</u>	<u>100.00</u>

SHARE CAPITAL

OUR SHARES

Our H Shares in issue upon completion of the [REDACTED], and our A Shares, are ordinary Shares in our share capital and are considered as one class of Shares. Shenzhen-Hong Kong Stock Connect has established a stock connect mechanism between mainland China and Hong Kong. Our A Shares can be subscribed for and traded by mainland Chinese investors, qualified foreign institutional investors or qualified foreign strategic investors and must be traded in Renminbi. As our A Shares are eligible securities under the Northbound Trading Link, they can also be subscribed for and traded by Hong Kong and other overseas investors pursuant to the rules and limits of Shenzhen-Hong Kong Stock Connect. Our H Shares can be subscribed for or [REDACTED] by Hong Kong and other overseas [REDACTED] and qualified domestic institutional [REDACTED]. If our H Shares are eligible securities under the Southbound Trading Link, they can also be subscribed for and [REDACTED] by mainland Chinese [REDACTED] in accordance with the rules and limits of Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect.

RANKING

Our H Shares and our A Shares are regarded as one class of Shares under our Articles of Association and will rank *pari passu* with each other in all other 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 our H Shares are to be paid by us in Hong Kong dollars whereas all dividends in respect of our A Shares are to be paid by us in Renminbi. In addition to cash, dividends may also be distributed in the form of Shares. Holders of our H Shares will receive share dividends in the form of H Shares, and holders of our A Shares will receive share dividends in the form of A Shares.

NO CONVERSION OF OUR A SHARES INTO H SHARES FOR [REDACTED] AND [REDACTED] ON THE HONG KONG STOCK EXCHANGE

Our A Shares and our H Shares are generally neither interchangeable nor fungible, and the [REDACTED] of our A Shares and our H Shares may be different after the [REDACTED]. The Guidelines on Application for “Full Circulation” of Domestic Unlisted Shares of H-share Companies (《H股公司境内未上市股份申请“全流通”业务指引》) announced by the CSRC are not applicable to companies dual [REDACTED] in the PRC and on the Hong Kong Stock Exchange. As of the Latest Practicable Date, there were no relevant rules or guidelines from the CSRC providing that A shareholders may convert A shares held by them into H shares for [REDACTED] and [REDACTED] on the Hong Kong Stock Exchange.

SHARE CAPITAL

APPROVAL FROM HOLDERS OF A SHARES REGARDING THE [REDACTED]

We have obtained approval from our holders of A Shares to issue H Shares and seek the [REDACTED] of H Shares on the Hong Kong Stock Exchange. Such approval was obtained at the extraordinary general meeting of our Company held on July 24, 2025 upon, among other things, the following major terms:

(1) Size of the [REDACTED]

The proposed number of H Shares to be [REDACTED] initially shall not exceed [REDACTED]% of the total issued share capital as enlarged by the H Shares to be issued pursuant to the [REDACTED] (before the exercise of the [REDACTED]). The number of H Shares to be issued pursuant to the full exercise of the [REDACTED] shall not exceed [REDACTED]% of the total number of H Shares to be [REDACTED] initially under the [REDACTED].

(2) Method of [REDACTED]

The method of [REDACTED] shall be by way of a [REDACTED] for subscription in Hong Kong and an [REDACTED] to institutional and professional [REDACTED].

(3) Target [REDACTED]

The H Shares shall be issued to overseas institutional [REDACTED], enterprises and individual [REDACTED], qualified domestic institutional [REDACTED] and other [REDACTED] in compliance with regulatory requirements.

(4) [REDACTED] basis

The [REDACTED] of the H Shares will be determined after due consideration of the interests of existing Shareholders, the acceptance of investors, domestic and overseas capital markets and issuance risks, and in accordance with international practices through the demands for orders and book building process.

(5) Validity period

The issue of H Shares and [REDACTED] of H Shares on the Hong Kong Stock Exchange shall be completed within [REDACTED] months from the date when the Shareholders' meeting was held on July 24, 2025.

There are no other approved [REDACTED] plans for any other shares except for the [REDACTED].

SHARE CAPITAL

SHAREHOLDERS’ GENERAL MEETING

For details of circumstances under which our Shareholders’ general meeting is required, see “Appendix III — Summary of Articles of Association”.

SHARE INCENTIVE PLANS

As at the Latest Practicable Date, our Company had granted outstanding options under the 2022 Share Incentive Plan to 688 grantees for 4,742,800 A Shares and 2024 Share Incentive Plan to 691 grantees for 7,099,629 A Shares. No options or share awards under the Share Incentive Plans will be further granted and all granted options have been granted to specific individuals under the Share Incentive Plans. See “Appendix IV — Statutory and General Information — Share Incentive Plans” for details.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the [REDACTED] and assuming no new Shares are issued under the Share Incentive Plans, and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [REDACTED], the following persons will have an interest and/or short position in our Shares or underlying Shares which would be required to be disclosed to us and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

Shareholder	Capacity/ Nature of interest	Description of Shares	As of the Latest Practicable Date		Immediately following the completion of the [REDACTED] (assuming no exercise of the [REDACTED] and no new Shares are issued under the Share Incentive Plans)		
			Number of Shares ⁽¹⁾	Approximate percentage of shareholding in our Company	Number of Shares ⁽¹⁾	Approximate percentage of shareholding in our A Shares	Approximate percentage of shareholding in our Company
Mr. Wang Mingwang . . .	Beneficial owner	A Shares	361,779,557	19.58%	361,779,557	19.58%	[REDACTED]%
Mr. Wang Wei . .	Beneficial owner	A Shares	132,446,600	7.17%	132,446,600	7.17%	[REDACTED]%

Note:

- All interests stated are long positions in the Shares.

Save as disclosed above and in the section headed “Appendix IV — Statutory and General Information — Further Information about our Directors, Chief Executive and Substantial Shareholders — Interests of the substantial shareholders in other members of our Group”, our Directors are not aware of any person who will, immediately following completion of the [REDACTED] (assuming that the [REDACTED] is not exercised and no new Shares are issued under the Share Incentive Plans), have any interest and/or short position in the Shares or underlying Shares of our Company which will be required to be disclosed to our Company and the Hong Kong Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company or any other member of our Group. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

SUBSTANTIAL SHAREHOLDERS

SHARE PLEDGES BY OUR SINGLE LARGEST SHAREHOLDERS

Mr. Wang Mingwang and Mr. Wang Wei have from time to time pledged the A Shares they own to certain financial institutions in the PRC such as securities companies as collateral in order to obtain financing (the “**Pledge Financing**”). Such Pledge Financing will continue, and will be renewed, extended and/or refinanced after [REDACTED]. Depending on the market value of the A Shares, the number of the A Shares to be pledged by the Single Largest Shareholders under the Pledge Financing may vary accordingly. As of the Latest Practicable Date, Mr. Wang Mingwang and Mr. Wang Wei respectively pledged 33,150,000 and 12,480,000 A Shares held by them, representing approximately 1.79% and 0.68% of the total number of issued Shares in the Company.

As of the Latest Practicable Date, an amount of RMB507.37 million under the Pledge Financing is subject to loan-to-value ratio requirements that would be triggered by a material decrease in value of the A Shares, in which cases the Single Largest Shareholders will be requested to provide additional collaterals. The lenders may have the right to trade out the A Shares subject to share pledges only if the Single Largest Shareholders fail to meet the aforementioned request to provide additional collaterals and loan-to-value ratio further reaches to a threshold agreed between the Single Largest Shareholders and the lenders. In addition to the aforementioned covenants, the Single Largest Shareholders shall assist and collaborate with the pledgees to complete the registration of the share pledges within the agreed period. When the share pledges remain effective, the Single Largest Shareholders shall not transfer, dispose of or otherwise create other encumbrances to the A Shares subject to share pledges without prior consent of the pledgees. In the event that the Single Largest Shareholders are entitled to additional A Shares, as a result of share subdivision or rights issue based on the A Shares subject to share pledge, the Single Largest Shareholders shall pledge such additional A Shares in favour of the pledgees and complete the necessary registration of the share pledges. The Company considers that the risk of the A Shares held by the Single Largest Shareholders subject to the relevant share pledges being traded out by the lenders is remote, taking into account the market price of the A Shares as at the Latest Practicable Date and the absence of trade-out record of the A Shares pledged by the Single Largest Shareholders. As of the Latest Practicable Date, the number of A Shares pledged by the Single Largest Shareholders represented less than 40% of the A Shares held by them. Moreover, the Single Largest Shareholders have proven credit record as the Single Largest Shareholders have investments in various companies outside of the Group, sufficient cash flow in hand and valuable assets that can be freely transferred, all being sources that can be used to repay the loans in advances or as additional collaterals. Therefore, in the unlikely event that there is a significant variation in the price of A Shares, the Single Largest Shareholders can opt to repay the relevant outstanding loans and/or provide additional collaterals as agreed with the relevant financial institutions to avoid having the relevant share pledges enforced. Based on (i) the review of the share pledge agreements, (ii) confirmations provided by the Single Largest Shareholders as to their personal financial and liquidity conditions, and (iii) the significant higher value of the A Shares held by the Single Largest Shareholders under no encumbrances based on the Company’s historical stock price comparing with amount of loans under the Pledge Financing, our PRC Legal Advisor is of the view that the risk of a forced enforcement on the pledged Shares is low. Taking into account the above, as well as based on the independent due diligence conducted by the Joint Sponsors, nothing has come to the Joint Sponsors’ attention that would reasonably cause the Joint Sponsors to disagree with the Company’s view.

SUBSTANTIAL SHAREHOLDERS

To the best knowledge of our Directors having made all reasonable enquiries, there has not been any adverse credit record in connection with the Pledge Financing against Mr. Wang Mingwang and Mr. Wang Wei in respect of any breach of repayment obligations under these indebtedness. Each of Mr. Wang Mingwang and Mr. Wang Wei has confirmed that, if there is a risk of default or other circumstances that may give rise to the enforcement of the pledged A Shares, Mr. Wang Mingwang and Mr. Wang Wei shall take all necessary actions, such as provision of additional collaterals and repayment of loans, to avoid such enforcement.

FINANCIAL INFORMATION

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

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

OVERVIEW

We are a leading innovator in lithium-ion battery technology, committed to providing integrated new energy solutions with sustainability and efficiency. We are primarily engaged in the R&D, design, manufacturing and sales of lithium-ion batteries, covering a diversified product matrix including consumer battery, EV battery and ESS. We provide customers across various regions with comprehensive solutions from battery cells, modules to systems, and battery testing and recycling.

With nearly 30 years of experience in the lithium-ion battery industry, we have established ourselves as the world’s largest manufacturer of lithium-ion batteries for mobile phones, laptops and tablets, as measured by total shipment volume of such batteries in 2024. According to CIC, we ranked first in the global mobile phone battery market by shipment volume in 2024, commanding a market share of 34.3%. We were also the second-largest manufacturer of laptop and tablet batteries globally, with a market share of 21.6%, according to the same source. In addition, we have been actively expanding our business in EV battery and ESS, achieving rapid growth and quickly emerging as a leading player in both sectors.

During the Track Record Period, we achieved steady business growth alongside a notable improvement in profitability. Our revenue increased from RMB52.2 billion in 2022 to RMB56.0 billion in 2024, representing a CAGR of 3.6%. Our gross profit rose from RMB6.3 billion in 2022 to RMB8.2 billion in 2024, representing a CAGR of 14.2%. Our net profit attributable to owners of the Company increased from RMB1.1 billion in 2022 to RMB1.5 billion in 2024, representing a CAGR of 17.5%. Taking into account non-controlling interests, our profit for the year decreased from RMB763.4 million in 2022 to RMB330.7 million in 2023, and then increased to RMB534.3 million in 2024, and our adjusted net profit (non-IFRS measure) decreased from RMB1,030.5 million in 2022 to RMB535.1 million in 2023, and then increased to RMB729.5 million in 2024. For the nine months ended September 30, 2024 and 2025, our revenue amounted to RMB38.3 billion and RMB43.5 billion, respectively, representing a period-to-period increase of 13.7%. Gross profit increased from RMB5.9 billion to RMB7.1 billion, representing a period-to-period growth of 20.8%. Our net profit attributable

FINANCIAL INFORMATION

to owners of the Company increased from RMB1.2 billion to RMB1.4 billion, representing a period-to-period growth of 16.6%. Taking into account non-controlling interests, our profit for the period increased from RMB553.5 million to RMB779.1 million, representing a period-to-period growth of 40.8%, and our adjusted net profit (non-IFRS measure) increased from RMB726.1 million to RMB938.6 million, representing a period-to-period growth of 29.3%.

During the Track Record Period, the fluctuations in our adjusted net profit (non-IFRS measure) and our profit for the year attributable to owners of the Company were primarily driven by the fluctuations in our profit for the year/period for the same periods. For the discussion of the fluctuation analysis in our profit for the year/period, see “— Period-to-period Comparison of Results of Operations”. Apart from the above: In 2023, (a) for our adjusted net profit (non-IFRS measure), the decrease of RMB495.4 million was further due to a decrease of RMB58.0 million in changes in fair value of the convertible bonds; and (b) for our profit for the year attributable to owners of the Company, the increase of RMB8.2 million was primarily due to an increase of RMB440.8 million in net losses allocated to non-controlling interests, mainly attributable to the losses of our certain subsidiaries. In 2024, (a) for our adjusted net profit (non-IFRS measure), the increase of RMB194.4 million was further due to an increase of RMB36.9 million in share-based payments, which was partially offset by a decrease of RMB46.0 million in changes in fair value of the convertible bonds following the full conversion of such convertible bonds into shares of Sunwoda Mobility Energy in June 2023; and (b) for our profit for the year attributable to owners of the Company, the increase of RMB398.1 million was further due to an increase of RMB194.6 million in net losses allocated to non-controlling interests, primarily due to the losses of our certain subsidiaries. For the nine months ended September 30, 2025, (a) for our adjusted net profit (non-IFRS measure), the increase of RMB212.5 million was further due to an increase of RMB[REDACTED] million in [REDACTED], which was partially offset by a decrease of RMB18.8 million in share-based payments; and (b) for our profit for the period attributable to owners of the Company, the increase of RMB201.3 million was primarily due to the increase in our profit for the period.

BASIS OF PREPARATION

Our historical financial information has been prepared in accordance with all applicable International Financial Reporting Standards issued by the International Accounting Standards Board (“IASB”). Our historical financial information has been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities measured at fair value through profit or loss (“FVPL”) and financial assets measured at fair value through other comprehensive income (“FVOCI”). Our historical financial information is presented in Renminbi (“RMB”), which is also our functional currency, and all values are rounded to the nearest thousand except when otherwise indicated.

FINANCIAL INFORMATION

SIGNIFICANT FACTORS AFFECTING OUR FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Our results of operations and financial condition during the Track Record Period had been primarily affected by the following significant factors affecting the overall industry in which we operate:

- macroeconomic conditions and geopolitical developments that may affect global supply chains, investment sentiment and energy transition dynamics;
- fluctuations in downstream demand for battery products across related markets;
- the requirement of substantial investment and cutting-edge innovation in battery technologies to enhance product performance, safety and cost competitiveness, and to meet evolving customer and application needs;
- government policies and regulatory frameworks governing related markets and battery technologies, including tariffs and industry standards.

Specific Factors Affecting Our Results of Operations

Besides the general factors affecting the industry, our business and results of operations are also affected by specific factors, including the following major factors:

Our Ability to Retain Existing Customers and Attract New Customers

We derived our revenue primarily from the sale of consumer batteries, EV batteries and ESS during the Track Record Period. Our results of operations also depend on our ability to attract new customers and secure additional orders from existing ones across our core businesses, namely consumer battery, EV battery and ESS. We adopt a customer-centric approach, working closely with customers from product design through to delivery and after-sales service. This enables us to build and maintain long-term relationships with leading global brands while continuing to expand our customer base across multiple use cases and geographic markets.

- **Consumer battery.** We are a globally leading manufacturer of consumer batteries, with strong capabilities in compact design, ultra-fast charging and customization. Looking ahead, we aim to further strengthen our leadership in the mobile phone, laptop and tablet sectors by maintaining close relationship with key customers and tracking technology trends such as AI-driven performance upgrades. We have also expanded into emerging sectors such as smart home appliances, smart wearables, smart mobility and service robots, and continue to strengthen our battery cell self-supply capability to improve product profitability.

FINANCIAL INFORMATION

- **EV battery.** We have established strategic collaborations with major domestic NEV OEMs and are expanding our presence in international supply chains. We aim to increase share in the global NEV market by providing competitive, integrated battery solutions, while broadening our product portfolio to cover diversified use cases such as commercial vehicles, construction machinery and new energy vessels.
- **ESS:** We provide integrated ESS solutions for diverse applications such as utility-scale, industrial, residential and data center storage. We are expanding our global network, localizing solutions and deepening cooperation with key system integrators to support customer growth and long-term partnerships.

Our Ability to Expand Production Capacity and Enhance Manufacturing Efficiency

We have continuously expanded our production capacity across consumer battery, EV battery and ESS business lines to support growing market demand. In 2024, our annual production capacity reached approximately 687.3 million units for consumer batteries, 39.5 GWh for EV batteries and 12.0 GWh for ESS. We intend to further expand our capacity in alignment with our growth strategy and global production layout. See “Business — Production — Production Bases” for details. Leveraging our standardized and flexible manufacturing system and AI-enabled intelligent production systems, we have enhanced automation levels and improved equipment utilization, which shorten ramp-up periods and enable faster changeovers between production of different products. These capabilities have significantly improved our manufacturing efficiency and cost structure. Looking ahead, we plan to continue expanding capacity and upgrading facilities to improve energy efficiency, reduce emissions and enhance product consistency and quality. We believe that these capacity and efficiency enhancements will support long-term revenue growth while strengthening profitability.

Our Ability to Optimize Cost Structure and Improve Operational Efficiency

Our profitability depends partially on our ability to effectively manage and optimize our costs and operating expenses. For instance, costs for raw materials and components have a great impact on our cost of sales. Our lithium-ion battery products rely on a variety of raw materials and components, including cathode materials, anode materials, electrolyte, separators, battery cells, BMS, PCBs, plastic materials, precision structural parts and electronic components. Fluctuations in the supply or prices of these key materials may affect our production costs and overall profitability.

In addition, our operating efficiency is affected by our ability to control operating expenses, which primarily comprise selling and marketing expenses, general and administrative expenses, and research and development expenses during the Track Record Period. As our business continues to grow, we expect total operating expenses to increase in absolute terms while we expect to benefit from economies of scale to improve our operational efficiency in the long term. We plan to strengthen digital and intelligent capabilities in R&D, customer management and supply chain operations to further improve efficiency and support margin enhancement.

FINANCIAL INFORMATION

Our Ability to Further Invest in R&D and Enrich Product Mix

We view continuous R&D investment as the cornerstone of competitiveness and long-term growth. Anchored in customer demand, our R&D model integrates proprietary innovation and collaboration with key customers, supporting a full-cycle innovation process from early-stage research to mass production. This approach enables rapid translation of customer needs into commercially viable product solutions, enhancing development efficiency and responsiveness to market trends.

Through years of technological accumulation, we have established comprehensive capabilities across battery materials, cells, modules and systems. Our R&D efforts focus on improving product performance, energy density, safety and cost-effectiveness to meet the evolving needs of the consumer electrics, EV and ESS markets. We are also actively investing in cutting-edge battery technologies, such as high-silicon anode batteries, semi-solid-state and solid-state batteries, LMFP batteries, sodium-ion batteries, and SiP-based modular integration, with a view to stay at the forefront of technological advancement and secure first-mover advantages.

Seasonality

Our business operations are subject to seasonality, with stronger sales performance typically recorded in the second half of each year across our major businesses. This is primarily driven by factors such as holiday-related demand, product launch cycles, and typical customer procurement schedules. As a result, our results of operations may fluctuate from period to period.

MATERIAL ACCOUNTING POLICIES AND ESTIMATES

Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments relating to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and results of operations. Our management continually evaluates such estimates, assumptions, and judgments based on past experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. There has not been any material deviation between our management’s estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future.

Set forth below are discussions of the accounting policies that we believe are of critical importance to us or involve the most significant estimates, assumptions, and judgments used in the preparation of our financial statements. Other material accounting policy information, estimates, assumptions, and judgments, which are important for understanding our financial condition and results of operations, are set forth in detail in the notes in the Accountants’ Report in Appendix I to this Document.

FINANCIAL INFORMATION

Revenue Recognition

We recognize revenue when (or as) a performance obligation is satisfied, i. e., when control of the goods or services underlying the particular performance obligation is transferred to the customer.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods and services may be transferred over time or at a point in time. Control of the goods and services is transferred over time if our performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as we perform; or
- does not create an asset with an alternative use to us and we have an enforceable right to payment for performance completed to date.

If control of the goods and services transfers over time, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at a point in time when the customer obtains control of the goods and services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which we will be entitled in exchange for transferring the goods or services 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.

If a customer pays consideration or we have a right to an amount of consideration that is unconditional, before we transfer goods or services to the customer, we present the contract liability when the payment is made. A contract liability is our obligation to transfer goods or services to a customer for which we have received consideration (or an amount of consideration is due) from the customer.

We are principally engaged in R&D, design, manufacturing and sales of lithium-ion batteries.

We recognize revenue at a point in time for consumer batteries and EV batteries.

For consumer batteries and EV batteries, revenue from domestic sales of products shall be recognized based on the sales contracts, settlement vouchers and other documents generally upon the completion of products delivery and arriving to the named place of destination and acceptance by the customers. Upon confirming the acceptance, the customer has the right to sell the products at its discretion and takes the risks of any price fluctuation and obsolescence and loss of the products.

FINANCIAL INFORMATION

For consumer batteries and EV batteries, revenue from oversea sales of products shall be recognized based on the sales contracts, customs declaration form, bill of lading, and other documents. We generally adopt the operation and management mode of Vendor Managed Inventory (“VMI”). We recognize revenue at the point when the customer picks up goods from the VMI warehouse, which is considered as the time when the control has been transferred and the performance obligation has been fulfilled. For the customers who do not adopt VMI model, upon the completion of customs declaration or arrival to the named port or place of destination, the buyer has the right to sell the products at its discretion and takes the risks of any price fluctuation and obsolescence and loss of the products.

We also recognize revenue at a point in time for ESS.

For ESS, pursuant to the sales contracts, we usually collect a certain percentage of down-payment and then arranges production, delivery and installation as well as collects the remaining payment in accordance with the payment schedules. We recognize revenue upon the completion of the installation and acceptance by the customers.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost of inventories are determined on the weighted average method. Cost comprises direct materials, direct labor and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost includes the reclassification from equity of any gains or losses on qualifying cash flow hedges relating to purchases of raw material but excludes borrowing costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Net Realizable Value of Inventories

Net realizable value of inventories is the estimated selling price in the ordinary course of business, less the estimated costs of completion and costs necessary to make the sale.

We assess the net realizable value of inventories as well as the amount of write-down of inventory provision at the end of each reporting period, which involves significant judgment on determination of the estimated selling prices, costs to completion and costs necessary to make the sale. Where the expectation is different from the original estimate, such difference will have an impact on the carrying value of inventories and the write-down of inventory amount in the period in which such estimates have been changed.

FINANCIAL INFORMATION

Allowance for Expected Credit Loss of Receivables and Contract Assets

Except for certain trade receivables from customers with specific credit risks, for which our management adopts an individual impairment assessment approach, we use a provision matrix to calculate expected credit losses (“**ECLs**”) for trade receivables and contract assets. The loss allowances for receivables and contract assets are based on assumptions about the risk of default and expected loss rates, which we use to determine the expected loss. We use judgment in making these assumptions and selecting the inputs to the impairment calculation. The historical loss rates are adjusted to reflect the forward-looking information on macroeconomic factors as well as the credit rating analysis of respective customers and other external data which have impacts to the ability of the customers to settle the receivables.

We take into account different macroeconomic scenarios when considering forward-looking information both in mainland China and abroad. We regularly monitor and review the key macroeconomic assumptions and parameters related to the calculation of expected credit losses. We have identified the Gross Domestic Product (“**GDP**”) of the countries in which we sell our goods as one of the most relevant factors and adjust historical loss rates accordingly based on expected changes in these factors.

Impairment Tests for Goodwill

Goodwill is not subject to amortization and is tested for impairment annually, or more frequently if events or changes in circumstances indicate that they might be impaired. An impairment loss is recognized for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets.

See Note 19 to the Accountants’ Report included in Appendix I to this Document for further details on impairment tests for goodwill.

FINANCIAL INFORMATION

Deferred Income Tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Historical Financial Information. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where we are able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Provisions

Provision is made for estimated warranty claims in respect of lithium-ion batteries sold during the warranty periods. Our management estimates the related provision for future warranty claims based on historical warranty claim information, as well as recent trends that might suggest that past cost information could differ from future claims. Factors that could impact the estimated claim information include the success of our productivity and quality initiatives, as well as cost per claim to satisfy the warranty obligation. The estimation basis is reviewed on an on-going basis and revised where appropriate.

FINANCIAL INFORMATION

PRINCIPAL COMPONENTS OF OUR CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

The following table sets forth a summary of our consolidated statements of profit or loss for the periods indicated, which has been derived from the Accountants’ Report in Appendix I to this Document:

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	(RMB in thousands)			(unaudited)	
Revenue	52,162,269	47,862,227	56,020,634	38,278,681	43,533,748
Cost of revenue	(45,877,669)	(41,744,183)	(47,817,803)	(32,424,744)	(36,460,658)
Gross profit	6,284,600	6,118,044	8,202,831	5,853,937	7,073,090
General and administrative expenses	(2,327,600)	(2,897,553)	(3,332,799)	(2,372,210)	(2,738,935)
Selling and marketing expenses	(285,759)	(389,057)	(522,651)	(388,200)	(420,531)
Research and development expenses	(2,741,803)	(2,710,630)	(3,330,198)	(2,267,622)	(3,201,977)
Net impairment losses on financial and contract assets	(146,402)	(12,936)	(93,604)	(35,517)	(49,204)
Other income	331,824	471,453	538,839	327,768	344,171
Other gains/(losses), net	(173,513)	4,270	(331,481)	(144,043)	288,138
Operating profit	941,347	583,591	1,130,937	974,113	1,294,752
Finance income	193,979	377,161	374,787	270,092	207,508
Finance costs	(687,545)	(726,935)	(716,441)	(525,153)	(578,868)
Finance costs, net	(493,566)	(349,774)	(341,654)	(255,061)	(371,360)
Share of profit or loss of investments in associates and joint ventures	(8,271)	(65,548)	17,152	998	64,102
Impairment provision for investments in associates and joint ventures	–	–	(17,693)	(17,693)	–
Profit before income tax	439,510	168,269	788,742	702,357	987,494
Income tax credit/(expense)	323,851	162,477	(254,459)	(148,866)	(208,410)
Profit for the year/period	763,361	330,746	534,283	553,491	779,084
Profit for the year/period attributable to:					
– Owners of the Company	1,068,014	1,076,198	1,474,324	1,212,215	1,413,519
– Non-controlling interests	(304,653)	(745,452)	(940,041)	(658,724)	(634,435)

FINANCIAL INFORMATION

Non-IFRS Measures

To supplement our consolidated financial statements presented in accordance with IFRSs, we use adjusted net profit (non-IFRS measure) as an additional financial measure, which is not required by or presented in accordance with IFRSs. 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. However, presentation of this non-IFRS measure may not be comparable to similarly titled measures presented by other companies. 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 conditions as reported under IFRSs.

We define adjusted net profit (non-IFRS measure) as profit for the year/period adjusted for share-based payments, changes in the fair value of the convertible bonds and [REDACTED]. The following table reconciles our adjusted net profit (non-IFRS measure) in accordance with IFRSs, our profit for the year/period, for the periods indicated:

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	(RMB in thousands)				
	(unaudited)				
Profit for the year/period . . .	763,361	330,746	534,283	553,491	779,084
Adjust for:					
Share-based payments ⁽¹⁾	163,121	158,328	195,238	172,643	153,889
Changes in fair value of the					
convertible bonds ⁽²⁾	104,000	46,000	—	—	—
[REDACTED] ⁽³⁾	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Adjusted net profit					
(non-IFRS measure)	<u>1,030,482</u>	<u>535,074</u>	<u>729,521</u>	<u>726,134</u>	<u>938,618</u>

Notes:

- (1) Share-based payments is adjusted as it is non-cash in nature.
- (2) Changes in the fair value of the convertible bonds, which have been fully converted into equity in June 2023.
- (3) [REDACTED].

FINANCIAL INFORMATION

Revenue

By Reportable Segment

The following table sets forth a breakdown of our revenue by reportable segments, namely consumer battery business unit, EV battery business unit, ESS business unit and other business unit, as set out in the Accountants’ Report included in Appendix I to this Document.

	Year ended December 31,			Nine months ended September 30,		
	2022	2023	2024	2024	2025	
(RMB in thousands except for percentages)						
(unaudited)						
Consumer battery business unit ⁽¹⁾	34,284,421	65.7%	31,067,523	64.9%	33,475,483	59.8%
Revenue of consumer battery	32,015,431	61.4%	28,543,283	59.6%	30,405,096	54.3%
Revenue of ESS	277,580	0.5%	411,310	0.9%	650,730	1.2%
Revenue of other products and services	1,991,410	3.8%	2,112,930	4.4%	2,419,657	4.3%
EV battery business unit ⁽²⁾	12,686,520	24.3%	10,794,809	22.6%	15,138,528	27.0%
ESS business unit ⁽³⁾	177,367	0.3%	698,749	1.5%	1,238,486	2.2%
Other business unit ⁽⁴⁾	5,013,961	9.7%	5,301,146	11.0%	6,168,137	11.0%
Total	52,162,269	100.0%	47,862,227	100.0%	56,020,634	100.0%

Notes:

- (1) Our consumer battery business unit primarily generated revenue from the sale of consumer batteries. It also recorded a portion of revenue from ESS products and other products and services, as certain customers, who are served across multiple business segments, chose to centralize their procurement of different types of products and services through the operating entities of the consumer battery business unit.
- (2) Our EV battery business unit primarily generated revenue from the sale of EV batteries.
- (3) Our ESS business unit primarily generated revenue from the sale of ESS.
- (4) Our other business unit primarily generated revenue from the sale of certain complementary products and services, including precision structural components, smart hardware, battery recycling and battery testing. See “Business — Our Business Model and Products — Our Products — Others” for details.

FINANCIAL INFORMATION

Sales Volume and Average Selling Price

The following table sets forth the breakdown of our sales volume and average selling price (net of tax) by geographical market of consumer battery, EV battery and ESS during the Track Record Period.

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
Sales volume					
Consumer battery					
(in millions)	483.5	495.3	586.3	446.3	473.0
– Mainland China					
(excluding special supervision territory).	207.2	239.7	291.1	245.0	232.7
– Special supervision territory in China . .	214.7	185.8	216.3	142.6	155.0
– The United States . .	NM ⁽²⁾	0.1	NM ⁽²⁾	NM ⁽²⁾	NM ⁽²⁾
– European Union . . .	NM ⁽²⁾	NM ⁽²⁾	NM ⁽²⁾	NM ⁽²⁾	NM ⁽²⁾
– Other countries or regions	61.5	69.7	78.9	58.7	85.3
EV battery (GWh). . .	11.4	11.2	25.3	15.1	27.2
– Mainland China					
(excluding special supervision territory).	11.3	10.8	24.7	14.7	26.6
– Special supervision territory in China . .	NM ⁽²⁾	NM ⁽²⁾	NM ⁽²⁾	NM ⁽²⁾	NM ⁽²⁾
– The United States . .	NM ⁽²⁾	0.1	NM ⁽²⁾	NM ⁽²⁾	NM ⁽²⁾
– European Union . . .	0.2	0.3	0.6	0.4	0.5
– Other countries or regions	NM ⁽²⁾	NM ⁽²⁾	NM ⁽²⁾	NM ⁽²⁾	NM ⁽²⁾
ESS (GWh)	4.0	4.6	9.6	5.4	15.2
– Mainland China					
(excluding special supervision territory).	3.9	4.5	8.9	5.0	14.6
– Special supervision territory in China . .	NM ⁽²⁾	NM ⁽²⁾	NM ⁽²⁾	NM ⁽²⁾	NM ⁽²⁾
– The United States . .	NM ⁽²⁾	NM ⁽²⁾	NM ⁽²⁾	NM ⁽²⁾	NM ⁽²⁾
– European Union . . .	NM ⁽²⁾	NM ⁽²⁾	0.2	0.1	0.1
– Other countries or regions	NM ⁽²⁾	0.1	0.4	0.3	0.5

FINANCIAL INFORMATION

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
Average selling price⁽¹⁾					
Consumer battery (RMB/unit)	66.2	57.6	51.9	47.2	47.6
– Mainland China (excluding special supervision territory).	52.8	42.7	38.3	32.1	37.5
– Special supervision territory in China.	81.7	75.8	69.8	71.0	59.4
– The United States.	NM ⁽²⁾	608.9	NM ⁽²⁾	NM ⁽²⁾	NM ⁽²⁾
– European Union.	NM ⁽²⁾	NM ⁽²⁾	NM ⁽²⁾	NM ⁽²⁾	NM ⁽²⁾
– Other countries or regions.	56.4	59.8	52.0	51.8	53.5
EV battery (RMB/Wh)	1.1	1.0	0.6	0.7	0.5
– Mainland China (excluding special supervision territory).	1.1	0.9	0.5	0.6	0.4
– Special supervision territory in China.	NM ⁽²⁾	NM ⁽²⁾	NM ⁽²⁾	NM ⁽²⁾	NM ⁽²⁾
– The United States.	NM ⁽²⁾	1.5	NM ⁽²⁾	NM ⁽²⁾	NM ⁽²⁾
– European Union.	3.8	3.8	2.7	2.8	2.6
– Other countries or regions.	NM ⁽²⁾	NM ⁽²⁾	NM ⁽²⁾	NM ⁽²⁾	NM ⁽²⁾
ESS (RMB/Wh)	0.1	0.2	0.2	0.1	0.1
– Mainland China (excluding special supervision territory).	0.1	0.2	0.1	0.1	0.1
– Special supervision territory in China.	NM ⁽²⁾	NM ⁽²⁾	NM ⁽²⁾	NM ⁽²⁾	NM ⁽²⁾
– The United States.	NM ⁽²⁾	NM ⁽²⁾	NM ⁽²⁾	NM ⁽²⁾	NM ⁽²⁾
– European Union.	NM ⁽²⁾	NM ⁽²⁾	1.3	0.6	1.2
– Other countries or regions.	NM ⁽²⁾	1.4	0.8	0.8	0.6

Notes:

- (1) The changes of average selling price of consumer battery and EV battery during the Track Record Period primarily reflected the changes of raw material prices such as lithium carbonate and lithium cobalt oxide, see “Industry Overview — Cost Analysis of Lithium-ion Batteries.” The average selling price of ESS increased from RMB0.1 per Wh in 2022 to RMB0.2 per Wh in 2023, primarily due to an increase in the proportion of sales of products using our self-supplied battery cells.
- (2) Represents that the sales volume in the respective country/region during the period was below the disclosure threshold of 0.1 million units or 0.1 GWh. Accordingly, both sales volume and average selling price are not meaningful for comparative purposes.

FINANCIAL INFORMATION

Special supervision territory are special customs supervision zones in China that are approved by the State Council of the PRC with specific tax and regulatory policies. Products entering the special supervision territory from place other than the special supervision territory in China are treated as exports and thus eligible for export tax rebates. As advised by our PRC Legal Advisor, sales of products by our domestic entities during the Track Record Period to special supervision territory in China are subject to export tax policies and can be regarded as offshore sales for tax purposes. Under the PRC regulations, most exported goods are exempt from export tariffs, with the applicable export tariff rate being 0%. Our export products qualify for this 0% tariff treatment. Materials entering and stored in the special supervision territory from overseas are not treated as import and thus exempt from PRC import tax.

Cost of Revenue

By Nature

Our cost of revenue primarily consists of (i) cost of raw materials used in the production of our products; (ii) employee benefit expenses, representing salaries, bonuses, share-based payments, pension and other social security and welfare of our production staff; and (iii) depreciation and amortization associated with right-of-use assets and fixed assets used for manufacturing purposes.

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
(RMB in thousands except for percentages)										
(unaudited)										
Raw materials	41,507,808	90.5%	32,423,525	77.7%	39,156,180	81.9%	27,330,415	84.3%	30,107,097	82.6%
Employee benefit expenses	3,616,170	7.9%	3,649,690	8.7%	4,506,364	9.4%	3,237,084	10.0%	3,905,578	10.7%
Depreciation and amortization	1,318,477	2.9%	1,864,302	4.5%	2,261,727	4.7%	1,621,459	5.0%	1,923,963	5.3%
Changes in work in progress and finished goods	(2,736,665)	(6.0)%	1,478,723	3.5%	(817,401)	(1.7)%	(1,612,235)	(5.0)%	(1,823,966)	(5.0)%
Impairment losses on inventories	622,292	1.4%	628,926	1.5%	299,652	0.6%	276,913	0.9%	257,816	0.7%
Others	1,549,587	3.3%	1,699,016	4.1%	2,411,281	5.1%	1,571,108	4.8%	2,090,170	5.7%
Total	45,877,669	100.0%	41,744,183	100.0%	47,817,803	100.0%	32,424,744	100%	36,460,658	100%

FINANCIAL INFORMATION

In 2022, 2023 and 2024, and the nine months ended September 30, 2024 and 2025, our cost of raw materials were RMB41,507.8 million, RMB32,423.5 million, RMB39,156.2 million, RMB27,330.4 million and RMB30,107.1 million, respectively. The following table sets forth a breakdown of our cost of raw materials by type, in absolute amounts and as a percentage of total cost of raw materials, for the periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
(RMB in thousands except for percentages)										
(unaudited)										
Cells ⁽¹⁾	15,626,071	37.6%	12,239,432	37.7%	12,390,296	31.6%	8,684,037	31.8%	8,618,699	28.6%
Cathode materials	8,052,969	19.4%	4,698,450	14.5%	5,171,491	13.2%	3,917,524	14.3%	4,241,008	14.1%
– Lithium cobalt oxide	1,359,623	3.3%	1,135,865	3.5%	1,053,784	2.7%	742,256	2.7%	1,273,375	4.2%
– Lithium iron phosphate	1,419,260	3.4%	1,045,305	3.2%	1,690,745	4.3%	1,229,621	4.5%	1,865,266	6.2%
– Ternary materials	5,218,605	12.6%	2,463,319	7.6%	1,806,065	4.6%	1,360,401	5.0%	1,061,214	3.5%
– Other cathode materials	55,481	0.1%	53,961	0.2%	620,897	1.6%	585,246	2.1%	41,153	0.2%
Electronic materials and components	6,368,570	15.3%	5,725,683	17.7%	7,771,527	19.8%	5,423,521	19.8%	5,644,769	18.7%
Hardware components	4,079,493	9.8%	3,651,718	11.3%	5,998,265	15.3%	4,164,093	15.2%	4,946,785	16.4%
Anode materials	978,167	2.4%	625,191	1.9%	957,208	2.4%	654,297	2.4%	933,243	3.1%
Separators	842,558	2.0%	545,898	1.7%	785,262	2.0%	514,726	1.9%	753,801	2.5%
Electrolytes	815,215	2.0%	415,874	1.3%	588,309	1.5%	397,085	1.5%	528,524	1.8%
Others ⁽²⁾	4,744,765	11.5%	4,521,279	13.9%	5,493,822	14.2%	3,575,132	13.1%	4,440,268	14.8%
Total	41,507,808	100.0%	32,423,525	100.0%	39,156,180	100.0%	27,330,415	100.0%	30,107,097	100.0%

Notes:

- (1) Representing cells directly procured from third-party suppliers.
- (2) Others primarily comprise plastic components, and other ancillary materials used in battery assembly.

FINANCIAL INFORMATION

Impairment losses on inventories

We review the condition of our inventories and make a provision against obsolete and slow-moving inventory items which are identified as no longer suitable for sale or use. In determining the amount of provision required for obsolete and slow-moving inventories, We would evaluate aging analysis of inventories and compare the carrying amounts of inventories to their respective net realizable value. See Note 4 to the Accountants’ Report included in Appendix I to this Document for further details on accounting information regarding impairment losses.

Our impairment losses on inventories remained relatively stable at RMB622.3 million and RMB628.9 million in 2022 and 2023, respectively. Our impairment losses on inventories decreased significantly by 52.4% from RMB628.9 million in 2023 to RMB299.7 million in 2024, primarily because the fluctuation of raw materials price in 2024 was relatively stable as compared to 2023. Our impairment losses on inventories decreased by 6.9% from RMB276.9 million for the nine months ended September 30, 2024 to RMB257.8 million for the nine months ended September 30, 2025, respectively, primarily due to improved economies of scale with the expansion of our production capacity, thereby lowering our overall cost structure.

Gross Profit

By Product Type

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

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
<i>(RMB in thousands except for percentages)</i>										
<i>(unaudited)</i>										
Consumer battery . . .	4,858,360	15.2%	4,611,975	16.2%	5,569,283	18.3%	4,010,159	19.0%	4,334,054	19.2%
EV battery	1,013,868	8.0%	989,966	9.2%	1,331,973	8.8%	1,029,070	10.1%	1,685,531	13.6%
ESS	102,832	22.6%	211,321	19.0%	385,972	20.4%	257,508	25.0%	354,831	24.2%
Others	931,832	13.3%	933,708	12.6%	1,215,255	14.2%	834,113	13.8%	956,490	13.3%
- Precision structural components	413,780	17.8%	417,862	15.0%	430,497	12.6%	302,416	12.0%	267,387	11.2%
- Smart hardware . . .	295,605	8.4%	252,565	9.9%	294,104	12.2%	159,924	8.0%	275,777	11.4%
- Other products and services	222,447	19.0%	263,281	12.7%	490,654	17.6%	371,773	24.1%	413,326	17.3%
Impairment losses on inventories	(622,292)	N/A	(628,926)	N/A	(299,652)	N/A	(276,913)	N/A	(257,816)	N/A
Total	6,284,600	12.0%	6,118,044	12.8%	8,202,831	14.6%	5,853,937	15.3%	7,073,090	16.2%

FINANCIAL INFORMATION

The fluctuations in our gross profit and gross profit margin for our consumer battery, EV battery and ESS were generally resulting from (i) fluctuations in the average selling prices of our battery products; (ii) changes in our sales volume; and (iii) fluctuations in the prices of key raw materials.

The gross profit margin of others showed mixed trends across different businesses. The gross margin of our precision structural components business declined during the Track Record Period, primarily due to intensified market competition. For our smart hardware business, the gross margin improved during the Track Record Period, driven by a sales mix shift toward higher-margin products.

General and Administrative Expenses

Our administrative expenses primarily consist of (i) employee benefit expenses, including salaries, bonuses, share-based payments, pension and other social security and welfare relating to our general and administrative personnel; and (ii) depreciation and amortization relating to right-of-use assets and fixed assets used for general and administrative purposes.

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

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	(RMB in thousands except for percentages)									
	(unaudited)									
Employee benefit										
expenses	1,255,474	53.9%	1,688,525	58.3%	1,851,683	55.6%	1,288,377	54.3%	1,587,568	58.0%
Depreciation and										
amortization	239,977	10.3%	322,291	11.1%	394,247	11.8%	282,434	11.9%	291,178	10.6%
Consumables used	172,192	7.4%	153,243	5.3%	155,782	4.7%	143,644	6.1%	103,366	3.8%
Business development and										
traveling expenses . . .	55,380	2.4%	103,660	3.6%	114,896	3.4%	74,516	3.1%	81,722	3.0%
Property management										
service fee	65,597	2.8%	84,953	2.9%	109,009	3.3%	79,858	3.4%	74,008	2.7%
Office expenses	82,328	3.5%	97,525	3.4%	111,337	3.3%	94,441	4.0%	97,640	3.5%
Taxes and surcharges . . .	138,304	5.9%	140,088	4.8%	190,013	5.7%	133,261	5.6%	175,392	6.4%
Others ⁽¹⁾	318,348	13.8%	307,268	10.6%	405,832	12.2%	275,679	11.6%	328,061	12.0%
Total	2,327,600	100.0%	2,897,553	100.0%	3,332,799	100.0%	2,372,210	100.0%	2,738,935	100.0%

Note:

(1) Others primarily comprise professional services and other consulting fees, utility costs and recruiting fees.

FINANCIAL INFORMATION

Selling and Marketing Expenses

Our selling and market expenses primarily consist of (i) employee benefit expenses including salaries, bonuses, pension, share-based payments, and other social security and welfare relating to our selling and marketing personnel; (ii) consumables used; (iii) business development expenses; (iv) marketing and traveling expense; and (v) professional services and other consulting fees.

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

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
(RMB in thousands except for percentages)										
(unaudited)										
Employee benefit										
expenses	148,893	52.1%	180,862	46.5%	250,368	47.9%	169,209	43.6%	213,966	50.9%
Consumables used	56,406	19.7%	51,865	13.3%	49,063	9.4%	50,821	13.1%	34,064	8.1%
Business development										
expenses	21,239	7.4%	39,288	10.1%	53,613	10.3%	39,235	10.1%	39,613	9.5%
Marketing and traveling										
expenses	12,466	4.4%	49,939	12.8%	78,674	15.1%	56,707	14.6%	53,071	12.6%
Professional services and										
other consulting fees . .	16,828	5.9%	25,962	6.7%	51,404	9.8%	38,350	9.9%	41,479	9.9%
Others ⁽¹⁾	29,927	10.5%	41,141	10.6%	39,529	7.5%	33,878	8.7%	38,338	9.0%
Total	285,759	100.0%	389,057	100.0%	522,651	100.0%	388,200	100.0%	420,531	100.0%

Note:

(1) Others primarily comprise office expenses, testing fee, depreciation and amortization and rental expense.

Research and Development Expenses

Our research and development expenses consist of (i) employee benefit expenses including salaries, bonuses, share-based payments, pension and other social security and welfare relating to our R&D personnel; and (ii) consumables used, representing consumables utilized in the course of our R&D activities.

FINANCIAL INFORMATION

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

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
<i>(RMB in thousands except for percentages)</i>										
<i>(unaudited)</i>										
Employee benefit expenses	1,342,568	49.0%	1,478,022	54.5%	1,816,718	54.6%	1,235,001	54.5%	1,616,236	50.4%
Depreciation and amortization	207,157	7.6%	151,199	5.6%	187,361	5.6%	127,980	5.6%	178,973	5.6%
Consumables used	932,949	34.0%	757,717	28.0%	909,764	27.3%	624,461	27.5%	1,030,702	32.2%
Testing fee	87,185	3.2%	73,786	2.7%	156,836	4.7%	94,849	4.2%	142,689	4.5%
Utility cost	80,452	2.9%	112,859	4.2%	107,393	3.2%	79,174	3.5%	91,622	2.9%
Others	91,492	3.3%	137,047	5.0%	152,126	4.6%	106,157	4.7%	141,755	4.4%
Total	2,741,803	100.0%	2,710,630	100.0%	3,330,198	100.0%	2,267,622	100.0%	3,201,977	100.0%

Net Impairment Losses on Financial Assets and Contract Assets

Our net impairment losses on financial assets primarily represent net impairment losses on our (i) trade receivables; (ii) notes receivables at amortized cost and at FVOCI; (iii) other receivables; and (iv) contract assets. See Note 3.2 to the Accountants’ Report included in Appendix I to this Document for details. In 2022, 2023 and 2024, and for the nine months ended September 30, 2024 and 2025, our net impairment losses on financial assets and contract assets were RMB146.4 million, RMB12.9 million and RMB93.6 million, RMB35.5 million and RMB49.2 million, respectively.

Other Income

Our other income primarily consists of (i) government grants; and (ii) additional deduction for VAT and tax refund.

FINANCIAL INFORMATION

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

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
<i>(RMB in thousands)</i>					
<i>(unaudited)</i>					
Government grants	304,314	237,350	329,815	209,954	193,174
Dividend income	6,450	6,387	2,247	647	2,783
Additional deduction for VAT and tax refund	3,911	181,739	173,829	90,759	105,693
Interest income	16,583	44,891	30,115	23,575	37,130
Others	566	1,086	2,833	2,833	5,391
Total	<u>331,824</u>	<u>471,453</u>	<u>538,839</u>	<u>327,768</u>	<u>344,171</u>

Other Gains or Losses, Net

Our other gains and losses, net, primarily consist of (i) net gains or losses on the disposal of financial instruments at FVPL; (ii) fair value changes in financial instruments; (iii) net foreign exchange differences; and (iv) net losses on the disposal of property, plant, equipment, and other long-term assets.

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

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
<i>(RMB in thousands)</i>					
<i>(unaudited)</i>					
Net gains/(losses) on disposal of financial instruments at FVPL . . .	456	(19,860)	116,069	22,918	1,841
Fair value changes in financial instruments	(45,265)	9,253	(308,604)	(84,793)	455,163
Net foreign exchange (losses)/gains .	(156,268)	74,818	46,717	(83,391)	(117,982)
Net losses on disposal of property, plant and equipment and other long-term assets	(32,731)	(79,067)	(211,187)	(25,282)	(62,572)
Gains/(losses) from disposal of other non-current financial assets	30,101	6,729	(8,381)	–	4,241
Others	30,194	12,397	33,905	26,505	7,447
Total	<u>(173,513)</u>	<u>4,270</u>	<u>(331,481)</u>	<u>(144,043)</u>	<u>288,138</u>

FINANCIAL INFORMATION

Finance Costs, Net

Our finance income primarily consist of interest income from financial assets held for cash management purposes. Our finance costs primarily consist of interest expenses on our borrowings and lease liabilities. The following table sets forth a breakdown of our finance costs, net, for the periods indicated:

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	(RMB in thousands)			(unaudited)	
Finance income					
Interest income from financial assets held for cash management purposes	193,979	377,161	374,787	270,092	207,508
Finance costs					
Interest expenses on lease liabilities	(79,591)	(100,026)	(121,406)	(89,188)	(89,979)
Interest expenses on borrowings	(666,282)	(697,820)	(601,353)	(446,137)	(532,237)
Net exchange losses on foreign currency borrowings.	–	–	(35,732)	(20,482)	(51,074)
Others	(215)	(93)	–	(5,588)	(117)
<i>Less:</i>					
Capitalized finance costs	58,543	71,004	42,050	36,242	94,539
Total	<u>(493,566)</u>	<u>(349,774)</u>	<u>(341,654)</u>	<u>(255,061)</u>	<u>(371,360)</u>

Share of Profit or Loss of Investments in Associates and Joint Ventures

In 2022 and 2023, we recorded share of loss of investments in associates and joint ventures at RMB8.3 million and RMB65.5 million, respectively. In 2024 and for the nine months ended September 30, 2024 and 2025, we recorded share of profit of investments in associates and joint ventures at RMB17.2 million, RMB1.0 million and RMB64.1 million, respectively. The fluctuations were primarily driven by profit or loss of our associates and joint ventures.

Impairment Provision for Investments in Associates and Joint Ventures

We recorded an impairment provision of RMB17.7 million for investments in associates and joint ventures in 2024 and for the nine months ended September 30, 2024. No impairment provisions were recorded in 2022, 2023, or for the nine months ended September 30, 2025.

FINANCIAL INFORMATION

Income Tax Credit or Expenses

Our income tax expenses comprise current income tax and deferred income tax. In 2022, 2023 and 2024 and for the nine months ended September 30, 2024 and 2025, we recorded income tax credit of RMB32.9 million and RMB162.5 million and income tax expense of RMB254.5 million, RMB148.9 million and RMB208.4 million, respectively. We are subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which our members are domiciled and operate. See Note 11 of the Accountants’ Report in Appendix I to this Document for details.

The following table sets forth a breakdown of our income tax credit or expenses for the periods indicated:

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	(RMB in thousands)			(unaudited)	
Current income tax	4,253	101,470	258,781	219,132	242,100
Deferred income tax	(328,104)	(263,947)	(4,322)	(70,266)	(33,690)
Total income tax					
(credit)/expenses for the					
year/period	(323,851)	(162,477)	254,459	148,866	208,410

PRC Corporate Income Tax

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations, the majority of our subsidiaries operating in Mainland China were subject to corporate income tax at a rate of 25% on their taxable income during the Track Record Period.

Certain of our PRC subsidiaries qualified for and benefited from various preferential corporate income tax policies. See Note 11 to the Accountants’ Report in Appendix I to this Document for details.

Hong Kong Profits Tax

Hong Kong profits tax has been provided for at the rate of 16.5% on the estimated assessable profits for the Track Record Period.

India Profits Tax

India profits tax has been provided for at the rate of 25.168% as standard tax rate on the estimated assessable profits for the Track Record Period.

FINANCIAL INFORMATION

Corporate Income Tax in Other Jurisdictions

The income tax rates of our subsidiaries from other jurisdictions, including Vietnam, Thailand, Hungary, Germany and Japan, had been calculated on the estimated assessable profit for the year ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2024 and 2025 at the respective rates prevailing in the relevant jurisdictions.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Nine Months Ended September 30, 2025 Compared to Nine Months Ended September 30, 2024

Revenue

Our revenue increased by 13.7% from RMB38,278.7 million for the nine months ended September 30, 2024 to RMB43,533.7 million for the nine months ended September 30, 2025, primarily due to an increase in our overall sales volumes driven by rising market demand.

Consumer battery

Our revenue generated from consumer batteries increased by 6.9% from RMB21,064.6 million for the nine months ended September 30, 2024 to RMB22,514.8 million for the nine months ended September 30, 2025, primarily due to (i) an increase in our sales volume from 446.3 million units for the nine months ended September 30, 2024 to 473.0 million units for the nine months ended September 30, 2025, mainly driven by stronger demand for cellphones and laptops, and the corresponding growth in shipment volume; and (ii) an slight increase in the average selling price of our consumer batteries from RMB47.2 per unit for the nine months ended September 30, 2024 to RMB47.6 per unit for the nine months ended September 30, 2025.

EV battery

Our revenue generated from EV batteries increased by 22.0% from RMB10,139.8 million for the nine months ended September 30, 2024 to RMB12,367.0 million for the nine months ended September 30, 2025, primarily due to an increase in our sales volume from 15.1 GWh for the nine months ended September 30, 2024 to 27.2 GWh for the nine months ended September 30, 2025, which was partially offset by a reduction in our average selling price from RMB0.7 per Wh for the nine months ended September 30, 2024 to RMB0.5 per Wh for the nine months ended September 30, 2025, reflecting the decline in key raw material prices.

FINANCIAL INFORMATION

ESS

Our revenue generated from ESS products increased by 42.1% from RMB1,030.2 million for the nine months ended September 30, 2024 to RMB1,463.5 million for the nine months ended September 30, 2025, primarily due to a significant increase in our sales volume from 5.4 GWh for the nine months ended September 30, 2024 to 15.2 GWh for the nine months ended September 30, 2025, driven by increased customer demand and our continued expansion of this business.

Others

Our revenue generated from others increased by 18.9% from RMB6,044.1 million for the nine months ended September 30, 2024 to RMB7,188.5 million for the nine months ended September 30, 2025, primarily due to (i) an increase in revenue generated from our smart hardware products driven by strong sale of products we manufactured for our customers; and (ii) an increase in revenue generated from sales of battery-related materials, which was partially offset by the decreased sales of precision structural components resulting from intensified market competition.

Cost of Revenue

Our cost of revenue increased by 12.4% from RMB32,424.7 million for the nine months ended September 30, 2024 to RMB36,460.7 million for the nine months ended September 30, 2025, which was generally in line with the increase in our revenue. The increase was primarily due to (i) an increase of RMB2,776.7 million in cost of raw materials as a result of an increase in the sales volume of our products; and (ii) an increase in employee benefit expenses resulting from the expansion of our production staff to support our growing operations.

Consumer battery

Our cost of revenue of consumer batteries increased by 6.6% from RMB17,054.4 million for the nine months ended September 30, 2024 to RMB18,180.8 million for the nine months ended September 30, 2025, which was generally in line with our revenue growth.

EV battery

Our cost of revenue of EV batteries increased by 17.2% from RMB9,110.7 million for the nine months ended September 30, 2024 to RMB10,681.4 million for the nine months ended September 30, 2025, primarily due to an increase in our sales volume from 15.1 GWh for the nine months ended September 30, 2024 to 27.2 GWh for the nine months ended September 30, 2025, which was partially offset by the decrease in the prices of key raw materials.

FINANCIAL INFORMATION

ESS

Our cost of revenue of ESS products increased by 43.5% from RMB772.7 million for the nine months ended September 30, 2024 to RMB1,108.6 million for the nine months ended September 30, 2025, primarily driven by a substantial increase in sales volume from 5.4 GWh for the nine months ended September 30, 2024 to 15.2 GWh for the nine months ended September 30, 2025.

Others

Our cost of revenue of others increased by 19.6% from RMB5,210.0 million for the nine months ended September 30, 2024 to RMB6,232.0 million for the nine months ended September 30, 2025, primarily due to an increase in sales of our smart hardware products and battery-related materials, which was partially offset by decreased sales of precision structural components resulting from intensified market competition.

Gross Profit

As a result of the above, our gross profit increased by 20.8% from RMB5,853.9 million for the nine months ended September 30, 2024 to RMB7,073.1 million for the nine months ended September 30, 2025, while our gross profit margin remained relatively stable at 15.3% and 16.2% for the same periods, respectively.

Consumer battery

Our gross profit margin of consumer batteries remained relatively stable at 19.0% and 19.2% for the nine months ended September 30, 2024 and 2025, respectively.

EV battery

Our gross profit margin of EV batteries increased from 10.1% for the nine months ended September 30, 2024 to 13.6% for the nine months ended September 30, 2025, primarily due to the change of product mix with increased proportion of higher-margin products.

ESS

Our gross profit margin of ESS products decreased from 25.0% for the nine months ended September 30, 2024 to 24.2% for the nine months ended September 30, 2025, primarily due to our offering of certain lower-margin products.

Others

Our gross profit margin of others remained relatively stable at 13.8% and 13.3% for the nine months ended September 30, 2024 and 2025, respectively.

FINANCIAL INFORMATION

General and Administrative Expenses

Our general and administrative expenses increased by 15.5% from RMB2,372.2 million for the nine months ended September 30, 2024 to RMB2,738.9 million for the nine months ended September 30, 2025, primarily attributable to an increase of RMB299.2 million in employee benefit expenses as we expanded the headcount of our general and administrative personnel to support our growing business.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 8.3% from RMB388.2 million for the nine months ended September 30, 2024 to RMB420.5 million for the nine months ended September 30, 2025, primarily due to an increase of RMB44.8 million in employee benefit expenses, as we expanded the headcount of our sales and marketing personnel to support our growing business.

Research and Development Expenses

Our research and development expenses increased by 41.2% from RMB2,267.6 million for the nine months ended September 30, 2024 to RMB3,202.0 million for the nine months ended September 30, 2025, primarily due to (i) an increase of RMB406.2 million in consumables used, mainly attributable to our increased R&D activities; and (ii) an increase of RMB381.2 million in employee benefit expenses as we expanded our R&D team.

Net Impairment Losses on Financial and Contract Assets

Our net impairment losses on financial and contract assets increased from RMB35.5 million for the nine months ended September 30, 2024 to RMB49.2 million for the nine months ended September 30, 2025, primarily due to an increase in net impairment losses on trade receivables, which was primarily attributable to the expansion of our revenue scale.

Other Income

Our other income remained relatively stable at RMB327.8 million and RMB344.2 million for the nine months ended September 30, 2024 and 2025, respectively.

Other Gains or Losses, Net

We recorded other losses of RMB144.0 million for the nine months ended September 30, 2024, as compared to other gains of RMB288.1 million for the nine months ended September 30, 2025, primarily due to a shift from losses on fair value changes in financial instruments of RMB84.8 million for the nine months ended September 30, 2024 to gains on fair value changes in financial instruments of RMB455.2 million for the nine months ended September 30, 2025, reflecting foreign exchange rate fluctuations, which was partially offset by (i) an increase of

FINANCIAL INFORMATION

RMB37.3 million in net losses on disposal of property, plant and equipment and other long-term assets, primarily due to disposal of certain facilities following lease terminations; and a decrease of RMB34.6 million in net foreign exchange gains, due to exchange rate fluctuations.

Finance Costs, Net

Our net finance costs increased by 45.6% from RMB255.1 million for the nine months ended September 30, 2024 to RMB371.4 million for the nine months ended September 30, 2025, primarily due to (i) a decrease of RMB62.6 million in interest income from financial assets held for cash management purposes, primarily due to lower cash balances; (ii) an increase of RMB30.6 million in net exchange losses on foreign currency borrowings and others, primarily due to foreign currency fluctuations; and (iii) an increase of RMB86.1 million in interest expenses on borrowings.

Share of Profit or Loss of Investments in Associates and Joint Ventures

We recorded share of loss of investments in associates and joint ventures of RMB1.0 million for the nine months ended September 30, 2024 and share of profit of investments in associates and joint ventures of RMB64.1 million for the nine months ended September 30, 2025, primarily due to improved financial performance of certain of our associates and joint ventures.

Income Tax Credit or Expenses

Our income tax expenses increased by 40.0% from RMB148.9 million for the nine months ended September 30, 2024 to RMB208.4 million for the nine months ended September 30, 2025, primarily due to an increase of RMB36.6 million deferred income tax expense; and an increase of RMB23.0 million in current income tax in line with the increase in our taxable income.

Profit for the Period

As a result of the foregoing, our profit for the period attributable to owners of the Company increased by 16.6% from RMB1,212.2 million for the nine months ended September 30, 2024 to RMB1,413.5 million for the nine months ended September 30, 2025. Taking into account of non-controlling interests, our profit for the period increased by 40.8% from RMB553.5 million for the nine months ended September 30, 2024 to RMB779.1 million for the nine months ended September 30, 2025, and our net profit margin increased from 1.5% for the nine months ended September 30, 2024 to 1.8% for the nine months ended September 30, 2025.

FINANCIAL INFORMATION

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

Revenue

Our revenue increased by 17.0% from RMB47,862.2 million in 2023 to RMB56,020.6 million in 2024, primarily driven by an increase in our sales volumes as we continued to expand our domestic and international businesses, which was partially offset by a decrease in the average selling price of our products in line with the decreases in the prices of certain raw materials.

Consumer battery

Our revenue generated from consumer batteries increased by 6.5% from RMB28,543.3 million in 2023 to RMB30,405.1 million in 2024, primarily due to an increase in our sales volume from 495.3 million units in 2023 to 586.3 million units in 2024, mainly driven by increased customer demand for our mobile phone batteries and an increase in the number of our laptop battery customers. The foregoing increase in our sales volume was partially offset by a decrease in our average selling price from RMB57.6 per unit in 2023 to RMB51.9 per unit in 2024 in line with the decreases in the prices of certain key raw materials.

EV battery

Our revenue generated from EV batteries increased by 40.2% from RMB10,794.8 million in 2023 to RMB15,138.5 million in 2024, primarily due to a significant increase in our sales volume from 11.2 GWh in 2023 to 25.3 GWh in 2024, primarily due to the recognition of our strong capabilities in the EV battery business by many well-known automotive manufacturers. Such increase in our sales volume was partially offset by a decrease in our average selling price in line with the decreases in the prices of certain key raw materials.

ESS

Our revenue generated from ESS products increased by 70.2% from RMB1,110.1 million in 2023 to RMB1,889.2 million in 2024, primarily due to an increase in our sales volumes from 4.6 GWh to 9.6 GWh, mainly attributable to growth in our overseas sales as we completed certain key international sales.

Others

Our revenue generated from others increased by 15.8% from RMB7,414.1 million in 2023 to RMB8,587.8 million in 2024. The increase was primarily attributable to (i) an increase in our revenue from precision component products driven by higher market demand; and (ii) an increase in our revenue from battery-related materials sales and lithium-ion battery recycling.

FINANCIAL INFORMATION

Cost of Revenue

Our cost of revenue increased by 14.5% from RMB41,744.2 million in 2023 to RMB47,817.8 million in 2024, primarily due to an increase of RMB6,732.7 million in cost of raw materials in line with the increase in our sales volume.

Consumer battery

Our cost of revenue of consumer batteries remained relatively stable at RMB23,931.3 million and RMB24,835.8 million in 2023 and 2024, respectively.

EV battery

Our cost of revenue of EV batteries increased by 40.8% from RMB9,804.8 million in 2023 to RMB13,806.6 million in 2024, generally in line with the growth in revenue, resulting from increased sales volumes while partially offset by lower raw material prices.

ESS

Our cost of revenue of ESS products increased by 67.3% from RMB898.7 million in 2023 to RMB1,503.2 million in 2024, which was generally in line with our revenue growth for this product type.

Others

Our cost of revenue of others increased by 13.8% from RMB6,480.4 million in 2023 to RMB7,372.5 million in 2024, generally in line with the growth in revenue. The increase was primarily due to (i) an increase in cost of revenue of precision structural components business, generally in line with the expanded revenue scale; (ii) an increase in the cost of revenue of battery-related materials sales, generally in line with the increase in revenue; and (iii) an increase in the cost of revenue derived from our battery recycling business, which were partially offset by a decrease in cost of revenue of smart hardware business, generally in line with the declined revenue scale.

Gross Profit

As a result of the above, our gross profit increased by 34.1% from RMB6,118.0 million in 2023 to RMB8,202.8 million in 2024, while our gross profit margin increased from 12.8% in 2023 to 14.6% in 2024.

Consumer battery

Our gross profit margin of consumer batteries increased from 16.2% in 2023 to 18.3% in 2024, primarily due to (i) an increase in the proportion of revenue contributed by higher-margin products using our self-supplied battery cells, and (ii) economies of scale and cost optimization as we expanded our production capacity.

FINANCIAL INFORMATION

EV battery

Our gross profit margin of EV batteries remained relatively stable at 9.2% and 8.8% in 2023 and 2024, respectively.

ESS

Our gross profit margin of ESS increased from 19.0% in 2023 to 20.4% in 2024, primarily attributable to a higher proportion of industrial and commercial ESS products in our product mix, which generally command higher gross margins.

Others

Our gross profit margin of others increased from 12.6% in 2023 to 14.2% in 2024, primarily attributable to an increase in the proportion of revenue contributed by higher-margin smart hardware products.

General and Administrative Expenses

Our general and administrative expenses increased by 15.0% from RMB2,897.6 million in 2023 to RMB3,332.8 million in 2024, primarily due to (i) an increase of RMB163.2 million in employee benefit expenses as we expanded the headcount of our general and administrative personnel as our business expanded; and (ii) an increase of RMB72.0 million in depreciation and amortization, mainly because we expanded our administrative facilities to support our growing business.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 34.3% from RMB389.1 million in 2023 to RMB522.7 million in 2024, primarily due to (i) an increase of RMB69.5 million in employee benefit expenses as we expanded the headcount of our sales and marketing personnel; (ii) an increase of RMB28.7 million in marketing and traveling expenses due to our increased business development activities; and (iii) an increase of RMB25.4 million in professional services and other consulting fees, mainly attributable to our increased business development activities in overseas markets.

Research and Development Expenses

Our research and development expenses increased by 22.9% from RMB2,710.6 million in 2023 to RMB3,330.2 million in 2024, primarily due to (i) an increase of RMB338.7 million in employee benefit expenses as we continued to expand our R&D team; and (ii) an increase of RMB152.0 million in consumables used associated with our R&D activities.

FINANCIAL INFORMATION

Net Impairment Losses on Financial and Contract Assets

Our net impairment losses on financial and contract assets increased significantly from RMB12.9 million in 2023 to RMB93.6 million in 2024, primarily due to an increase in net impairment losses on trade receivables and other receivables, primarily due to an increase in our trade receivables and other receivables generally in line with our increased revenue.

Other Income

Our other income increased by 14.3% from RMB471.5 million in 2023 to RMB538.8 million in 2024, primarily due to an increase of RMB92.5 million in the government grants we received.

Other Gains or Losses, Net

We recorded net other gains of RMB4.3 million in 2023 and net other losses of RMB331.5 million in 2024, primarily due to: (i) a decrease of RMB317.9 million in fair value changes in financial instruments, mainly attributable to fluctuations in the fair value of foreign exchange hedging instruments due to exchange rate volatility; and (ii) a decrease of RMB132.1 million in net losses on disposal of property, plant and equipment and other long-term assets.

Finance Costs, Net

Our net finance costs remained relatively stable at RMB349.8 million in 2023 and RMB341.7 million in 2024, respectively.

Share of Profit or Loss of Investments in Associates and Joint Ventures

We recorded share of loss of investments in associates and joint ventures of RMB65.5 million in 2023 and share of profit of investments in associates and joint ventures of RMB17.2 million in 2024 as certain of our loss-making associates and joint ventures in 2023 became profitable in 2024.

Impairment Provision for Investments in Associates and Joint Venture

We recorded an impairment provision of RMB17.7 million for investments in associates and joint ventures in 2024 in light of financial conditions of certain investees, and we did not record such provision in 2023.

Income Tax Credit or Expenses

We recorded income tax credit of RMB162.5 million in 2023 and income tax expenses of RMB254.5 million in 2024, primarily due to an increase in our taxable income.

FINANCIAL INFORMATION

Profit for the Year

As a result of the foregoing, our profit for the year attributable to owners of the Company increased by 37.0% from RMB1,076.2 million in 2023 to RMB1,474.3 million in 2024. Taking into account of non-controlling interests, our profit for the year increased by 61.5% from RMB330.7 million in 2023 to RMB534.3 million in 2024, while our net profit margin increased from 0.7% in 2023 to 1.0% in 2024.

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

Revenue

Our revenue decreased by 8.2% from RMB52,162.3 million in 2022 to RMB47,862.2 million in 2023, primarily due to a reduction in our average selling price in response to decrease in the prices of certain key raw materials, which partially offset by the increase in our sales volume.

Consumer battery

Our revenue generated from consumer batteries decreased by 10.8% from RMB32,015.4 million in 2022 to RMB28,543.3 million in 2023, primarily due to a decrease in our average selling price from RMB66.2 per unit in 2022 to RMB57.6 per unit in 2023, mainly as a result of decreases in the prices of certain key raw materials, mainly lithium cobalt oxide. The foregoing decrease in our average selling price was partially offset by the increase in our sales volume of consumer batteries from 483.5 million units in 2022 to 495.3 million units in 2023.

EV battery

Our revenue generated from EV batteries decreased by 14.9% from RMB12,686.5 million in 2022 to RMB10,794.8 million in 2023, primarily due to a decrease in our average selling price as a result of the decrease in the prices of certain key raw materials, mainly lithium carbonate.

ESS

Our revenue generated from ESS products increased significantly by 144.0% from RMB454.9 million in 2022 to RMB1,110.1 million in 2023, primarily attributable to (i) an increase in our sales volume from 4.0 GWh in 2022 to 4.6 GWh in 2023; and (ii) an increase in the proportion of products sold with higher unit prices.

Others

Our revenue generated from others remained relatively stable at RMB7,005.4 million and RMB7,414.1 million in 2022 and 2023, respectively.

FINANCIAL INFORMATION

Cost of Revenue

Our cost of revenue decreased by 9.0% from RMB45,877.7 million in 2022 to RMB41,744.2 million in 2023, primarily due to a decrease of RMB9,084.3 million in cost of raw materials as a result of the decreases in sales volume and prices of certain raw materials, mainly lithium cobalt oxide and lithium carbonate.

Consumer battery

Our cost of revenue of consumer batteries decreased by 11.9% from RMB27,157.1 million in 2022 to RMB23,931.3 million in 2023, primarily due to the decreases in the prices of certain key raw material, mainly lithium cobalt oxide.

EV battery

Our cost of revenue of EV batteries decreased by 16.0% from RMB11,672.7 million in 2022 to RMB9,804.8 million in 2023, which was consistent with the decline in revenue, attributable to lower prices for certain key raw materials, mainly lithium carbonate.

ESS

Our cost of revenue of ESS products increased significantly from RMB352.1 million in 2022 to RMB898.7 million in 2023 primarily due to (i) an increase in our sales volume from 4.0 GWh in 2022 to 4.6 GWh in 2023; and (ii) our change of product mix with increased sales of products with higher unit costs.

Others

Our cost of revenue of others increased by 6.7% from RMB6,073.5 million in 2022 to RMB6,480.4 million in 2023, which was primarily due to an increase in cost of revenue of precision structural components business generally in line with the expanded revenue scale, which were partially offset by a decrease in cost of revenue of our smart hardware business.

Gross Profit

As a result of the above, our gross profit remained relatively stable at RMB6,284.6 million and RMB6,118.0 million in 2022 and 2023, respectively, and our gross profit margin remained relatively stable at 12.0% and 12.8% for the same years, respectively.

Consumer battery

Our gross profit margin of consumer batteries increased from 15.2% in 2022 to 16.2% in 2023, primarily attributable to (i) our continuous efforts in increasing the self-supply ratio of battery cells, and (ii) the positive impact of economies of scale on cost optimization across multiple operational aspects.

FINANCIAL INFORMATION

EV battery

Our gross profit margin of EV batteries increased from 8.0% in 2022 to 9.2% in 2023, primarily attributable to (i) a significant increase in sales of our HEV batteries; and (ii) launch of certain new products with higher gross margins.

ESS

Our gross profit margin of ESS decreased from 22.6% in 2022 to 19.0% in 2023, primarily due to our change of product mix with increased proportion of lower-margin products.

Others

Our gross profit margin of others decreased from 13.3% in 2022 to 12.6% in 2023, primarily due to our strategic pricing adjustment to maintain competitiveness in response to intensified competition in the precision structural components market, partially offset by an increase in the gross profit margin of our smart hardware business following a shift in our sales mix toward higher-margin products.

General and Administrative Expenses

Our administrative expenses increased by 24.5% from RMB2,327.6 million in 2022 to RMB2,897.6 million in 2023, primarily due to (i) an increase of RMB433.1 million in employee benefit expenses, driven by a structural enhancement in personnel composition and compensation level to support our business growth, including headcount growth, general salary raises and an increased proportion of senior-level positions; (ii) an increase of RMB82.3 million in depreciation and amortization, resulting from the growth in administrative activities in line with the enlarged workforce; and (iii) an increase of RMB48.3 million in business development and traveling expenses, reflecting the corresponding expansion of administrative activities in line with the enlarged workforce.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 36.1% from RMB285.8 million in 2022 to RMB389.1 million in 2023, primarily due to (i) an increase of RMB37.5 million in marketing and traveling expenses driven by increased global sales and marketing activities following revenue growth and additional sales initiatives to support expansion; (ii) an increase of RMB32.0 million in employee benefit expenses due to our enlarged sales and marketing team; and (iii) an increase of RMB18.0 million in business development expenses due to increased promotional activities to support our business growth.

FINANCIAL INFORMATION

Research and Development Expenses

Our research and development expenses remained relatively stable at RMB2,741.8 million and RMB2,710.6 million in 2022 and 2023, respectively.

Net Impairment Losses on Financial and Contract Assets

Our net impairment losses on financial and contract assets decreased significantly by 91.2% from RMB146.4 million in 2022 to RMB12.9 million in 2023, primarily because (i) the increase in revenue from EV batteries in 2022 resulted in a higher level of trade receivables and corresponding credit impairment losses for that year; and (ii) we terminated several early-stage investment projects in 2022 and recognized corresponding impairment losses on project-related deposits.

Other Income

Our other income increased by 42.1% from RMB331.8 million in 2022 to RMB471.5 million in 2023, primarily due to an increase of RMB177.8 million in additional deduction for VAT and tax refund resulting from taxation rules issued in 2023, partially offset by a decrease of RMB67.0 million in government grants.

Other Gains or Losses, Net

We recorded net other losses of RMB173.5 million in 2022 and net other gains of RMB4.3 million in 2023, primarily due to: (i) an increase of RMB231.1 million in net foreign exchange differences, primarily attributable to significant foreign exchange losses resulting from the depreciation of the Indian Rupee in 2022; (ii) an increase of RMB54.5 million in fair value changes in financial instruments, primarily attributable to a significant decrease in the fair value growth of convertible bonds as compared to 2022. The increase was partially offset by a decrease of RMB46.3 million in net losses on disposal of property, plant and equipment and other long-term assets.

Finance Costs, Net

Our net finance costs decreased by 29.1% from RMB493.6 million in 2022 to RMB349.8 million in 2023, primarily due to an increase of RMB183.2 million in interest income from financial assets held for cash management purposes, mainly attributable to the significant increase in cash balances following our GDRs issuance in November 2022. The foregoing was partially offset by an increase of RMB31.5 million in interest expenses on borrowings, primarily due to our increased borrowings to finance our business expansion.

FINANCIAL INFORMATION

Share of Profit or Loss of Investments in Associates and Joint Ventures

Our share of loss of investments in associates and joint ventures increased significantly from RMB8.3 million in 2022 to RMB65.5 million in 2023, primarily due to the underperformance of certain of our associates and joint ventures.

Income Tax Credit or Expenses

Our income tax credit decreased from RMB323.9 million in 2022 to RMB162.5 million in 2023, primarily due to (i) a decrease in our taxable income; and (ii) a decrease in income tax benefits recognized from deductible losses.

Profit for the Year

As a result of the foregoing, our profit for the year attributable to owners of the Company remained relatively stable at RMB1,068.0 million in 2022 and RMB1,076.2 million in 2023. Taking into account of non-controlling interests, our profit for the year decreased by 56.7% from RMB763.4 million in 2022 to RMB330.7 million in 2023, while our net profit margin decreased from 1.5% in 2022 to 0.7% in 2023.

FINANCIAL INFORMATION

DISCUSSION OF SELECTED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth selected information from our consolidated statements of financial position as of the dates indicated, which has been extracted from the Accountants’ Report in Appendix I to this Document:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	<i>(RMB in thousands)</i>			
Assets				
Non-current assets				
Property, plant and equipment	22,435,708	28,840,582	32,740,803	36,498,754
Right-of-use assets	2,203,052	3,325,915	2,997,536	3,094,030
Contract assets	—	—	2,991	4,899
Deferred tax assets	767,808	1,156,259	1,237,744	1,263,264
Intangible assets	144,341	210,195	247,422	242,347
Investments in associates and joint ventures	551,292	879,850	942,141	1,027,794
Equity investments at FVOCI	91,897	91,897	88,978	88,978
Other financial assets at FVPL	1,102,712	1,517,848	1,435,646	1,741,551
Restricted cash and term deposits	—	—	30,000	100,268
Prepayments and other receivables	285,907	21,163	338,220	337,560
Other non-current assets	1,767,203	1,446,568	2,124,426	3,079,394
Total non-current assets	29,349,920	37,490,277	42,185,907	47,478,839
Current assets				
Inventories	9,874,547	7,044,627	7,485,086	9,934,812
Contract assets	39,857	32,328	55,062	31,813
Trade and notes receivables	13,432,024	12,784,172	16,513,049	17,400,770
Prepayments and other receivables	835,896	873,046	757,546	711,811
Notes receivables at FVOCI	295,691	561,006	658,422	511,101
Wealth management products	110,000	404,420	151,375	344,676
Derivative financial instruments	—	961	207,590	470,265
Restricted cash and term deposits	8,256,250	4,767,350	8,403,659	10,356,836
Cash and cash equivalents	11,097,753	13,668,744	9,465,822	11,145,952
Other current assets	1,207,242	1,634,328	1,614,825	2,055,132
Total current assets	45,149,260	41,770,982	45,312,436	52,963,168
Total assets	74,499,180	79,261,259	87,498,343	100,442,007

FINANCIAL INFORMATION

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	(RMB in thousands)			
LIABILITIES				
Non-current liabilities				
Borrowings	4,216,393	7,070,678	7,090,482	9,958,553
Lease liabilities	1,653,804	2,458,406	2,578,670	2,662,099
Deferred tax liabilities	198,086	299,705	365,201	344,050
Deferred income	676,955	1,492,972	1,786,489	2,011,502
Accruals and other payables	2,042,942	2,110,754	2,100,674	2,271,787
Financial liabilities at FVPL	4,583	19,807	84,136	229,768
Provisions.	383,831	599,184	1,021,510	993,943
Total non-current liabilities	9,176,594	14,051,506	15,027,162	18,471,702
Current liabilities				
Borrowings	11,107,650	10,522,019	12,182,991	16,769,733
Trade and notes payables	23,172,672	19,119,220	24,984,037	28,451,856
Contract liabilities	595,558	602,537	665,433	1,296,428
Lease liabilities	174,619	304,436	288,658	304,499
Current tax liabilities	13,966	46,645	54,188	128,310
Convertible bonds	1,144,000	–	–	–
Financial liabilities at FVPL	–	3,000	7,000	3,000
Derivative financial instruments	–	–	349,636	373,018
Accruals and other payables	2,305,325	1,608,728	1,592,083	1,509,397
Provisions.	32,713	20,217	2,193	222,729
Other current liabilities	460,696	538,329	418,111	494,359
Total current liabilities	39,007,199	32,765,131	40,544,330	49,553,329
Total liabilities	48,183,793	46,816,637	55,571,492	68,025,031
EQUITY				
– Share capital	1,862,422	1,862,217	1,845,806	1,847,462
– Treasury shares	(106,244)	(59,979)	(199,964)	(103,008)
– Other reserves	14,062,638	16,226,623	15,798,444	15,794,166
– Retained earnings	4,244,958	5,086,588	6,283,772	7,304,211
	20,063,774	23,115,449	23,728,058	24,842,831
Non-controlling interests	6,251,613	9,329,173	8,198,793	7,574,145
TOTAL EQUITY	26,315,387	32,444,622	31,926,851	32,416,976
TOTAL LIABILITIES AND EQUITY	74,499,180	79,261,259	87,498,343	100,442,007

FINANCIAL INFORMATION

Property, Plant and Equipment

Our property, plant, and equipment primarily consist of (i) machinery; (ii) construction in progress; (iii) buildings; and (iv) leasehold improvement. The following table sets forth a breakdown of the net carrying amount of our property, plant, and equipment as of the dates indicated:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	<i>(RMB in thousands)</i>			
Buildings	5,497,799	7,604,030	10,351,696	10,561,231
Machinery	7,213,570	8,863,678	12,193,336	12,050,176
Electronic devices	614,909	563,717	532,622	483,818
Motor vehicles	34,710	58,923	84,030	83,331
Other equipment	526,251	580,874	867,946	1,004,476
Freehold land	—	—	92,166	95,673
Construction in progress . . .	8,040,856	10,600,543	8,125,362	11,501,055
Leasehold improvement . . .	507,613	568,817	493,645	718,994
	22,435,708	28,840,582	32,740,803	36,498,754

The net carrying amount of our property, plant and equipment amounted to RMB22,435.7 million, RMB28,840.6 million, RMB32,740.8 million and RMB36,498.8 million as of December 31, 2022, 2023, 2024 and September 30, 2025, respectively. The overall increase in the net carrying amount of our property, plant and equipment during the Track Record Period was primarily attributable to our strategic expansion of our production and R&D facilities.

Right-of-use Assets

Our right-of-use assets primarily relate to our (i) land use right; (ii) leased buildings; and (iii) machinery equipment. The following table sets forth a breakdown of our right-of-use assets as of the dates indicated:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	<i>(RMB in thousands)</i>			
Land use right	568,550	555,146	562,432	642,068
Buildings	1,634,318	2,769,370	2,433,743	2,436,767
Others	184	1,399	1,361	15,195
Total	2,203,052	3,325,915	2,997,536	3,094,030

FINANCIAL INFORMATION

Our right-of-use assets increased by 51.0% from RMB2,203.1 million as of December 31, 2022 to RMB3,325.9 million as of December 31, 2023, primarily due to an increase of RMB1,135.1 million in our right-of-use buildings as we leased additional manufacturing facilities to expand our EV battery production capacity. Our right-of-use assets decreased by 9.9% from RMB3,325.9 million as of December 31, 2023 to RMB2,997.5 million as of December 31, 2024, primarily due to incremental depreciation charges recognized during the period. Our right-of-use assets increased by 3.2% from RMB2,997.5 million as of December 31, 2024 to RMB3,094.0 million as of September 30, 2025, primarily due to additional land use rights and leases of factory premises to support our business expansion.

Other Financial Assets at FVPL

Our other financial assets at FVPL mainly comprise equity investments in unlisted and listed companies, as well as interests in investment funds. Our other financial assets at FVPL increased by 37.6% from RMB1,102.7 million as of December 31, 2022 to RMB1,517.8 million as of December 31, 2023, primarily due to our new investments during the period. Our other financial assets at FVPL remained relatively stable at RMB1,517.8 million and RMB1,435.6 million as of December 31, 2023 and 2024, respectively. Our other financial assets at FVPL increased by 21.3% from RMB1,435.6 million as of December 31, 2024 to RMB1,741.6 million as of September 30, 2025, primarily due to our new investments during the period and the increase in fair value changes arising from our investments.

In addition to the other financial assets at FVPL mentioned above, we also invest in wealth management products as part of our treasury management activities to enhance returns on our idle funds while maintaining the liquidity required for our operations. To monitor and control the risks associated with our financial assets, we have adopted comprehensive internal policies and guidelines, including detailed operational rules for entrusted wealth management business.

For wealth management investments, we focus on products with high security, good liquidity and controllable risks. Our permitted investment scope includes negotiable certificates of deposit, structured deposits, income certificates, pledged quotation repurchases and other wealth management products offered by banks, securities companies and other licensed financial institutions. We strictly prohibit the use of funds required for normal operations or project construction for wealth management investments.

Our fund management department serves as the management and execution department for wealth management investments. This department is responsible for formulating investment plans, managing daily operations, maintaining investment ledgers and monitoring investment performance. Our finance professionals responsible for wealth management investments include our chief financial officer, department heads, fund specialists and cashiers, each with extensive experience in financial management and investment matters.

FINANCIAL INFORMATION

We have established a multi-tier approval system to ensure appropriate oversight. Routine investments within the annual quota approved by our Board are reviewed by fund specialists, approved by the head of our fund management department, and authorized by our chief financial officer. For investments exceeding certain thresholds, we require additional approvals from our Board of Directors and, where appropriate, our Shareholders, with corresponding disclosure obligations in accordance with applicable regulations.

We will comply with relevant requirements under Chapter 14 of the Listing Rules and disclose the details of our investments or other notifiable transactions to the extent necessary and as appropriate after the [REDACTED].

Inventories

Our inventories primarily consist of (i) finished goods; (ii) work in progress; and (iii) raw materials. The following table sets forth a breakdown of our inventories as of the dates indicated:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	(RMB in thousands)			
Raw materials	2,380,098	1,533,755	1,341,010	2,188,505
Work in progress	3,019,458	1,822,485	2,088,369	2,560,408
Finished goods	4,139,890	3,364,785	3,393,086	3,962,300
Goods in transit	952,630	901,487	683,367	1,249,317
Others	11,866	6,373	63,095	88,685
Contract fulfillment costs . .	34,405	153,609	262,043	212,514
Less:				
Provision for impairment . . .	(663,800)	(737,867)	(345,884)	(326,917)
Total	9,874,547	7,044,627	7,485,086	9,934,812

Our inventories decreased by 28.7% from RMB9,874.5 million as of December 31, 2022 to RMB7,044.6 million as of December 31, 2023, primarily due to (i) a decrease of RMB1,197.0 million in work in progress and a decrease of RMB775.1 million in finished goods, generally in line with the decrease in our production volume in 2023; and (ii) a decrease of RMB846.3 million in raw materials, mainly attributable to decreases in certain key raw material prices and our usage of raw materials stocked in 2022. Our inventories increased by 6.3% from RMB7,044.6 million as of December 31, 2023 to RMB7,485.1 million as of December 31, 2024, primarily due to a decrease of RMB392.0 million in provision for inventory as we optimized our inventory management. Our inventories increased by 32.7% from RMB7,485.1 million as of December 31, 2024 to RMB9,934.8 million as of September 30, 2025, primarily due to (i) an increase of RMB847.5 million in raw materials; (ii) an increase of RMB569.2 million in finished goods; and (iii) an increase of RMB566.0 million in goods in transit, primarily because we increased inventory levels to meet the demands of our growing business.

FINANCIAL INFORMATION

Our provision for impairment of inventories amounted to RMB663.8 million, RMB737.9 million, RMB345.9 million and RMB326.9 million as of December 31, 2022, 2023, 2024 and September 30, 2025. The provisions primarily reflected impairments for (i) raw materials; (ii) work in progress; and (iii) finished goods, which were mainly attributable to (i) raw material price fluctuations which led to inventory costs higher than net realizable values; and (ii) relatively higher unit production costs resulting from lower production capacity utilization rate during the ramp-up stage of certain products. Our provision for impairment of inventories decreased by 53.1% from RMB737.9 million as of December 31, 2023 to RMB345.9 million as of December 31, 2024, primarily due to (i) the relatively stable fluctuation of raw materials price in 2024 as compared to 2023; and (ii) our implementing daily delivery arrangements with certain suppliers for production materials based on actual demand instead of pre-stocking inventory.

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

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	(RMB in thousands)			
Within one year	10,269,186	7,482,107	7,544,500	9,922,612
One to two years	239,887	236,154	238,884	240,006
Over two years	29,274	64,233	47,586	99,111
Total	10,538,347	7,782,494	7,830,970	10,261,729

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

	Year ended December 31,			Nine months ended September 30,
	2022	2023	2024	2025
Average inventory turnover days ⁽¹⁾	69	73	55	64

Note:

- (1) Average inventory turnover days equal the average of the opening and closing inventory balances of the period indicated divided by the cost of revenue of the same period and multiplied by 360 days for a full-year period or 270 days for a nine-month period.

FINANCIAL INFORMATION

Our inventory turnover days remained relatively stable at 69 days and 73 days in 2022 and 2023, respectively. Our inventory turnover days decreased from 73 days in 2023 to 55 days in 2024, primarily due to our improved inventory management. Our inventory turnover days increased from 55 days in 2024 to 64 days for the nine months ended September 30, 2025, as we strategically built up raw material reserves.

As of November 30, 2025, RMB7,854.0 million, or 76.5%, of our inventories as of September 30, 2025 had been sold or utilized.

Trade and Notes Receivables

Our trade and notes receivables are primarily amounts due from our customers in our ordinary course of business, less credit loss allowance. The following table sets forth a breakdown of our trade and notes receivables as of the dates indicated:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	(RMB in thousands)			
Trade receivables	12,540,907	12,026,657	16,235,955	17,277,552
Notes receivables	984,419	838,388	434,320	334,526
Less:				
Credit loss allowance	(93,302)	(80,873)	(157,226)	(211,308)
Total	13,432,024	12,784,172	16,513,049	17,400,770

Our trade and notes receivables remained relatively stable at RMB13,432.0 million and RMB12,784.2 million as of December 31, 2022 and 2023, respectively. Our trade and notes receivables increased by 29.2% to RMB16,513.0 million as of December 31, 2024, primarily due to an increase of RMB4,209.3 million in trade receivables in line with the increase of our revenue, with our trade and notes receivables turnover days remaining relatively stable at 99 days and 94 days in 2023 and 2024, respectively. Our trade and notes receivables increased by 5.4% to RMB17,400.8 million as of September 30, 2025, primarily due to an increase in trade receivables in line with the increase of our revenue, which was partially offset by an increase in credit loss allowance, mainly due to additional provision made for receivables from VREMT.

FINANCIAL INFORMATION

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

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	(RMB in thousands)			
Within 1 year	12,433,450	11,914,045	15,893,678	16,899,500
1 to 2 years	67,724	50,920	287,071	257,382
2 to 3 years	19,505	49,830	29,508	98,548
Over 3 years	20,228	11,862	25,698	22,122
Total	12,540,907	12,026,657	16,235,955	17,277,552

Our trade receivables aged between one to two years increased from RMB50.9 million as of December 31, 2023 to RMB287.1 million as of December 31, 2024, and decreased to RMB257.4 million as of September 30, 2025. The significant increase from December 31, 2023 to December 31, 2024 was primarily attributable to (i) adjustments on mutual negotiations to payment schedules for certain customers in light of their cash flow conditions; and (ii) extended settlement timelines with certain customers as a result of ongoing negotiation and confirmation of specific payment and settlement arrangements.

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

	Year ended December 31,			Nine months ended September 30,
	2022	2023	2024	2025
Average trade and notes receivables turnover days ⁽¹⁾	76	99	94	105

Note:

- (1) Average trade and notes receivables turnover days equal the average of the opening and closing balances of carrying amount of trade and notes receivables of the period indicated divided by the revenue of the same period and multiplied by 360 days for a full-year period or 270 days for a nine-month period.

FINANCIAL INFORMATION

Our average trade and notes receivables turnover days increased from 76 days in 2022 to 99 days in 2023, primarily due to (i) an increased proportion of customers with longer credit periods, which are typically major industry participants that maintain significant transaction volumes with us and have strong credit profiles; and (ii) the contraction of our business operations and weaker market conditions in 2023, which impacted our collection efficiency. Our trade and notes receivables turnover days remained relatively stable at 99 days in 2023 and 94 days in 2024. Our average trade and notes receivables turnover days increased to 105 days for the nine months ended September 30, 2025, due to the expansion of our customer base and the increased diversity of customer payment terms.

As of November 30, 2025, RMB10,097.4 million, or 58.4%, of our trade receivables as of September 30, 2025 had been subsequently settled.

Accruals and Other Payables

Our current accruals and other payables primarily include salaries, wages and benefits payable to our employees. Our non-current accruals and other payables primarily include (i) redemption liabilities arising from our subsidiaries’ share repurchase obligations to their shareholders; and (ii) payables to non-controlling interests of subsidiaries, mainly comprising a subsidiary’s payables in relation to a construction project. The following table sets forth details of our accruals and other payables as of the dates indicated.

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	<i>(RMB in thousands)</i>			
Current				
Salaries, wages and benefits	860,067	967,320	1,166,381	898,885
Accruals and others	84,902	77,579	153,965	208,606
Redemption liabilities	706,152	124,132	–	–
Repurchase obligation of share incentive	105,482	–	–	–
Deposits payables	311,445	35,460	45,172	57,877
Dividend payables	–	–	–	110,297 ⁽¹⁾
Other tax payables	107,955	204,351	119,257	169,024
Payables to non-controlling interests of subsidiaries	525	130,478	8,009	63
Others	128,797	69,408	99,299	64,645
	<u>2,305,325</u>	<u>1,608,728</u>	<u>1,592,083</u>	<u>1,509,397</u>

FINANCIAL INFORMATION

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	(RMB in thousands)			
Non-current				
Redemption liabilities	799,000	971,030	1,000,713	1,141,420
Payables to non-controlling interests of subsidiaries	1,243,942	1,139,724	1,099,961	1,126,722
Others	—	—	—	3,645
	<u>2,042,942</u>	<u>2,110,754</u>	<u>2,100,674</u>	<u>2,271,787</u>

Note:

(1) The dividend payables as of September 30, 2025 were fully settled in October 2025.

The current portion of our accruals and other payables decreased by 30.2% from RMB2,305.3 million as of December 31, 2022 to RMB1,608.7 million as of December 31, 2023, primarily due to a decrease of redemption liabilities as one of our subsidiaries fulfilled its share repurchase obligations in June 2023. The current portion of our accruals and other payables remained relatively stable as of December 31, 2023 and 2024 at RMB1,608.7 million, RMB1,592.1 million, respectively. The current portion of our accruals and other payables decreased by 5.2% from RMB1,592.1 million as of December 31, 2024 to RMB1,509.4 million as of September 30, 2025, primarily due to the payment of year-end bonuses during the period.

As of November 30, 2025, RMB1,072.6 million, or 71.1% of the current portion of our accruals and other payables outstanding as of September 30, 2025, had been subsequently settled.

The non-current portion of our accruals and other payables remained relatively stable as of December 31, 2022, 2023 and 2024, and September 30, 2025 at RMB2,042.9 million, RMB2,110.8 million, RMB2,100.7 million and RMB2,271.8 million, respectively.

FINANCIAL INFORMATION

Trade and Notes Payables

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

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

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	(RMB in thousands)			
Trade payables	15,164,889	14,763,873	17,775,532	19,495,624
Notes payables	8,007,783	4,355,347	7,208,505	8,956,232
Total	23,172,672	19,119,220	24,984,037	28,451,856

Our trade and notes payables decreased by 17.5% from RMB23,172.7 million as of December 31, 2022, to RMB19,119.2 million as of December 31, 2023, primarily due to a decrease of RMB3,652.4 million in notes payables generally in line with the decline in revenue and partially attributable to lower raw material prices. Our trade and notes payables increased by 30.7% from RMB19,119.2 million as of December 31, 2023 to RMB24,984.0 million as of December 31, 2024, and further to RMB28,451.9 million as of September 30, 2025, primarily due to our increased purchases from suppliers as we continued to expand our business operations.

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

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	(RMB in thousands)			
Within 1 year	15,027,799	14,414,771	17,398,950	19,034,051
1 to 2 years	81,166	293,304	335,879	353,109
2 to 3 years	11,061	30,820	21,663	73,994
Over 3 years	44,863	24,978	19,040	34,470
Total	15,164,889	14,763,873	17,775,532	19,495,624

FINANCIAL INFORMATION

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

	Year ended December 31,			Nine months ended
	2022	2023	2024	September 30, 2025
<i>(RMB in thousands)</i>				
Average trade and notes payables turnover days ⁽¹⁾	143	182	166	198

Note:

- (1) Average trade and notes payables turnover days equal the average of the opening and closing balances of carrying amount of trade and notes payables balances of the period indicated divided by the cost of revenue of the same period and multiplied by 360 days for a full-year period or 270 days for a nine-month period.

Our average trade and notes payables turnover days increased from 143 days in 2022 to 182 days in 2023, as certain of our suppliers switched settlement methods from wire transfers to notes. Our average trade and notes payables turnover days decreased from 182 days in 2023 to 166 days in 2024, primarily as we granted favourable payment terms to certain suppliers to secure better supply arrangements, such as implementing daily delivery of production materials based on actual demand instead of inventory pre-stocking, thereby improving our responsiveness to production requirements and reducing obsolescence risk. Our average trade and notes payables turnover days increased from 166 days in 2024 to 198 days for the nine months ended September 30, 2025 due to certain of our suppliers granted us longer credit terms.

As of November 30, 2025, RMB8,323.7 million, or 42.7% of our trade payables outstanding as of September 30, 2025, had been subsequently settled.

Contract Liabilities

Our contract liabilities primarily consist of advance payments received from our customers in our ordinary course of business. As of December 31, 2022, 2023 and 2024, and September 30, 2025, our contract liabilities amounted to RMB595.6 million, RMB602.5 million, RMB665.4 million and RMB1,296.4 million, respectively. The overall increase in our contract liabilities during the Track Record Period was generally in line with our business growth.

As of November 30, 2025, approximately RMB539.1 million, or 41.6%, of our contract liabilities as of September 30, 2025 had been recognized as revenue.

FINANCIAL INFORMATION

NET CURRENT ASSETS

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

	As of December 31,			As of September 30,	As of November 30,
	2022	2023	2024	2025	2025
	(RMB in thousands)				(unaudited)
Current assets					
Inventories	9,874,547	7,044,627	7,485,086	9,934,812	11,014,853
Contract assets	39,857	32,328	55,062	31,813	32,406
Trade and notes receivables . . .	13,432,024	12,784,172	16,513,049	17,400,770	19,113,146
Prepayments and other					
receivables	835,896	873,046	757,546	711,811	1,019,069
Notes receivables at FVOCI . . .	295,691	561,006	658,422	511,101	590,555
Wealth management products . .	110,000	404,420	151,375	344,676	369,371
Derivative financial					
instruments	—	961	207,590	470,265	576,293
Restricted cash and term					
deposits	8,256,250	4,767,350	8,403,659	10,356,836	10,835,098
Cash and cash equivalents	11,097,753	13,668,744	9,465,822	11,145,952	10,259,291
Other current assets	1,207,242	1,634,328	1,614,825	2,055,132	2,186,227
Total current assets	45,149,260	41,770,982	45,312,436	52,963,168	55,996,309
Current liabilities					
Borrowings	11,107,650	10,522,019	12,182,991	16,769,733	18,325,552
Trade and notes payables	23,172,672	19,119,220	24,984,037	28,451,856	30,906,238
Contract liabilities	595,558	602,537	665,433	1,296,428	1,087,862
Lease liabilities	174,619	304,436	288,658	304,499	345,593
Current tax liabilities	13,966	46,645	54,188	128,310	178,040
Convertible bonds	1,144,000	—	—	—	—
Financial liabilities at FVPL . . .	—	3,000	7,000	3,000	3,000
Derivative financial					
instruments	—	—	349,636	373,018	458,325
Accruals and other payables . . .	2,305,325	1,608,728	1,592,083	1,509,397	1,618,597
Provisions	32,713	20,217	2,193	222,729	222,225
Other current liabilities	460,696	538,329	418,111	494,359	432,222
Total current liabilities	39,007,199	32,765,131	40,544,330	49,553,329	53,577,654
Net current assets	6,142,061	9,005,851	4,768,106	3,409,839	2,418,655

FINANCIAL INFORMATION

We had net current assets of RMB2,418.7 million as of November 30, 2025, which represented a decrease of RMB991.2 million from our net current assets of RMB3,409.8 million as of September 30, 2025. This decrease was primarily due to (i) an increase of RMB2,454.4 million in trade and notes payables, primarily due to our increased purchases from suppliers as we continued to expand our business operations; (ii) an increase of RMB1,555.8 million in borrowings, which was generally in line with our expanded business operation; and (iii) a decrease of RMB886.7 million in cash and cash equivalents. This was partially offset by (i) an increase of RMB1,712.4 million in trade and notes receivables, reflecting our expanded business scale; (ii) an increase of RMB1,080.0 million in inventories, as we increased inventory levels to support our business growth; and (iii) an increase of RMB478.3 million in restricted cash and term deposits.

We had net current assets of RMB3,409.8 million as of September 30, 2025, which represented a decrease of RMB1,358.3 million from our net current assets of RMB4,768.1 million as of December 31, 2024. This decrease was primarily due to (i) an increase of RMB4,586.7 million in borrowings; and (ii) an increase of RMB3,467.8 million in trade and notes payables, primarily due to our increased purchases from suppliers as we continued to expand our business operations. This was partially offset by (i) an increase of RMB2,449.7 million in inventories, as we increased inventory levels to meet the demands of our growing business; (ii) an increase of RMB1,953.2 million in restricted cash and term deposits; and (iii) an increase of RMB1,680.1 million in cash and cash equivalents.

We had net current assets of RMB4,768.1 million as of December 31, 2024, which represented a decrease of RMB4,237.8 million from our net current assets of RMB9,005.9 million as of December 31, 2023. This decrease was primarily due to (i) an increase of RMB5,864.8 million in trade and notes payables, mainly in line with our business expansion; (ii) a decrease of RMB4,202.9 million in cash and cash equivalents, mainly as a result of increased capital expenditures on property, plant and equipment primarily due to our strategic expansion of our production and R&D facilities; and (iii) an increase of RMB1,661.0 million in borrowings, which was generally in line with our expanded business scale. This was partially offset by (i) an increase of RMB3,728.9 million in trade and notes receivables and (ii) an increase of RMB3,636.3 million in restricted cash for business procurement, both reflecting our expanded business scale.

We had net current assets of RMB9,005.9 million as of December 31, 2023, which represented an increase of RMB2,863.8 million from our net current assets of RMB6,142.1 million as of December 31, 2022. This increase was primarily due to (i) a decrease of RMB4,053.5 million in trade and notes payables, in line with the overall decrease in revenue from our consumer battery business and EV battery business; (ii) an increase of RMB2,571.0 million in cash and cash equivalents, reflecting higher net proceeds from financing activities and stronger operating cash inflows; and (iii) a decrease of RMB1,144.0 million in convertible bonds due to conversion into equity. This was partially offset by (i) a decrease of RMB3,488.9 million in restricted cash and term deposits, mainly attributable to lower deposits for bank acceptance bills; and (ii) a decrease of RMB2,829.9 million in inventories, mainly attributable to lower raw material prices and in line with our business scale.

FINANCIAL INFORMATION

LIQUIDITY AND CAPITAL RESOURCES

Our use of cash primarily related to operating activities, capital expenditure, and dividend distribution. We have historically financed our operations primarily through cash flows generated from our operations, borrowings and financing activities.

Cash Flows

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

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	(RMB in thousands)			(unaudited)	
Net cash generated from operating activities	439,281	2,729,717	2,992,429	2,483,268	2,099,321
Net cash used in investing activities	(9,640,928)	(5,968,608)	(5,764,272)	(4,612,121)	(6,007,415)
Net cash generated from/(used in) financing activities	14,880,791	5,770,948	(1,439,055)	(1,284,879)	5,589,464
Net increase/(decrease) in cash and cash equivalents.	5,679,144	2,532,057	(4,210,898)	(3,413,732)	1,681,370
Cash and cash equivalents at beginning of the year/period	5,441,712	11,097,753	13,668,744	13,668,744	9,465,822
Cash and cash equivalents at the end of the year/period	11,097,753	13,668,744	9,465,822	10,265,706	11,145,952

Net Cash Flow Generated from Operating Activities

Our cash from operating activities primarily reflects our profit or loss before taxation adjusted for certain non-cash or non-operating activities related items and changes in working capital.

Our net cash flows generated from operating activities for the nine months ended September 30, 2025 was RMB2,099.3 million, primarily attributable to a profit before income tax for the period of RMB987.5 million, as adjusted to reflect certain non-cash or non-operating activities related items which mainly included (i) depreciation and amortization of non-current assets of RMB2,397.4 million, (ii) finance costs of RMB578.9 million, and (iii) fair value gains on other financial assets at FVPL of RMB480.4 million. Changes in the working capital mainly included (i) an increase of RMB2,118.6 million in payables, primarily due to our increased purchases from suppliers as we continued to expand our business operations; (ii) an increase of RMB2,707.5 million in inventories, as we increased inventory levels to meet the demands of our growing business; and (iii) an increase of RMB1,133.9 million in receivables, primarily due to expanded business scale.

FINANCIAL INFORMATION

Our net cash flows generated from operating activities for the nine months ended September 30, 2024 was RMB2,483.3 million, primarily attributable to a profit before income tax for the period of RMB702.4 million, as adjusted to reflect certain non-cash or non-operating activities related items which mainly included (i) depreciation and amortization of non-current assets of RMB2,037.3 million, (ii) finance costs of RMB525.2 million, and (iii) interest income of RMB293.7 million. Changes in the working capital mainly included (i) an increase of RMB2,228.1 million in payables, primarily due to our expanded business scale; (ii) an increase of RMB1,876.0 million in receivables, primarily due to expanded business scale; and (iii) an increase of RMB1,630.8 million in inventories, as we increased inventory levels to meet the demands of our growing business.

Our net cash flows generated from operating activities in 2024 was RMB2,992.4 million, primarily attributable to a profit before income tax for the year of RMB788.7 million, as adjusted to reflect certain non-cash or non-operating activities related items which mainly included (i) depreciation and amortization of non-current assets of RMB2,849.3 million, (ii) finance costs of RMB716.4 million, and (iii) interest income of RMB404.9 million. Changes in the working capital mainly included (i) an increase of RMB2,095.9 million in payables as we increased our procurement from suppliers in line with the expansion of our business operations; (ii) an increase of RMB4,129.4 million in receivables, generally in line with our revenue growth.

Our net cash flows generated from operating activities in 2023 was RMB2,729.7 million, primarily attributable to a profit before income tax for the year of RMB168.3 million, as adjusted to reflect certain non-cash or non-operating activities related items which mainly included (i) depreciation and amortization of non-current assets of RMB2,345.0 million, (ii) finance costs of RMB726.9 million, and (iii) impairment provision for inventories of RMB628.9 million. Changes in the working capital mainly included (i) a decrease of RMB2,201.0 million in inventories, primarily due to our decreased production volume and the lower overall raw material prices; (ii) a decrease of RMB1,186.9 million in receivables, primarily due to the release of guarantee deposits for operating-related bills; and (iii) a decrease of RMB4,495.3 million in payables, as we reduced our procurement from suppliers generally in line with the contraction in our business scale.

Our net cash flows generated from operating activities in 2022 was RMB439.3 million, primarily attributable to a profit before income tax for the year of RMB439.5 million, as adjusted to reflect certain non-cash or non-operating activities related items which mainly included (i) depreciation and amortization of non-current assets of RMB1,768.1 million, (ii) finance costs of RMB687.5 million, and (iii) impairment provision for inventories of RMB622.3 million. Changes in the working capital mainly included (i) an increase of RMB7,993.6 million in payables, generally in line with the expansion of our business operations; (ii) an increase of RMB8,613.9 million in receivables in line with our revenue growth; and (iii) an increase of RMB2,863.1 million in inventories, primarily due to an increase in our production volume.

FINANCIAL INFORMATION

Net Cash Flow Used in Investing Activities

For the nine months ended September 30, 2025, we had net cash used in investing activities of RMB6,007.4 million, primarily attributable to: (i) payments for purchase of property, plant and equipment, intangible assets and other non-current assets of RMB5,679.7 million; and (ii) placement of term deposits and wealth management products of RMB2,666.8 million. The foregoing was partially offset by withdraw of term deposits and wealth management products of RMB2,259.5 million.

For the nine months ended September 30, 2024, we had net cash used in investing activities of RMB4,612.1 million, primarily attributable to: (i) payments for purchase of property, plant and equipment, intangible assets and other non-current assets of RMB4,616.0 million; and (ii) placement of term deposits and wealth management products of RMB2,613.6 million. The foregoing was partially offset by withdraw of term deposits and wealth management products of RMB2,616.3 million.

In 2024, we had net cash used in investing activities of RMB5,764.3 million, primarily attributable to (i) payments for the purchase of property, plant, and equipment, intangible assets, and other non-current assets of RMB6,193.1 million; and (ii) placement of term deposits and wealth management products of RMB2,847.0 million. The foregoing was partially offset by withdrawal of term deposits and wealth management products of RMB3,161.8 million.

In 2023, we had net cash used in investing activities of RMB5,968.6 million, primarily attributable to (i) payments for the purchase of property, plant, and equipment, intangible assets, and other non-current assets of RMB5,896.1 million; (ii) placement of term deposits and wealth management products of RMB3,603.9 million; and (iii) payments for investments in associates and joint ventures of RMB511.0 million. The foregoing was partially offset by (i) withdrawal of term deposits and wealth management products of RMB3,197.2 million; and (ii) government grants received in relation to assets of RMB888.5 million.

In 2022, we had net cash used in investing activities of RMB9,640.9 million, primarily attributable to (i) payments for the purchase of property, plant, and equipment, intangible assets, and other non-current assets of RMB9,093.6 million; and (ii) placement of term deposits and wealth management products of RMB1,070.0 million. The foregoing was partially offset by withdrawal of term deposits and wealth management products of RMB960.0 million.

Net Cash Flow from Financing Activities

For the nine months ended September 30, 2025, we had net cash generated from financing activities of RMB5,589.5 million, primarily attributable to proceeds from borrowings of RMB21,536.4 million. This net cash inflow was partially offset by: (i) repayments of borrowings of RMB14,575.3 million; and (ii) movements of restricted cash of RMB561.8 million.

FINANCIAL INFORMATION

For the nine months ended September 30, 2024, we had net cash used in financing activities of RMB1,284.9 million, primarily attributable to: (i) repayments of borrowings of RMB11,964.2 million; (ii) movements of restricted cash of RMB537.7 million; (iii) transaction with non-controlling interests of RMB534.6 million; (iv) other interests paid of RMB503.5 million; and (v) payments for repurchase of shares of RMB340.0 million. This net cash outflow was partially offset by proceeds from borrowings of RMB12,901.6 million.

In 2024, we had net cash used in financing activities of RMB1,439.1 million, primarily attributable to (i) repayments of borrowings of RMB15,273.3 million; (ii) movements of restricted cash of RMB930.3 million; and (iii) other interests paid of RMB655.0 million. The foregoing was partially offset by proceeds from borrowings of RMB17,231.8 million.

In 2023, we had net cash generated from financing activities of RMB5,770.9 million, primarily attributable to (i) proceeds from borrowings of RMB16,411.7 million; (ii) capital contributions from non-controlling interests of RMB2,358.7 million; and (iii) proceeds from loans from non-controlling interests of subsidiaries of RMB200.5 million. This net cash inflow was partially offset by (i) repayments of borrowings of RMB11,611.0 million; (ii) movements of restricted cash of RMB1,148.6 million; and (iii) other interests paid of RMB752.1 million.

In 2022, we had net cash generated from financing activities of RMB14,880.8 million, primarily attributable to (i) proceeds from borrowings of RMB12,720.9 million; (ii) capital contributions from non-controlling interests of RMB8,387.6 million; and (iii) proceeds from issue of shares of RMB3,117.9 million. This net cash inflow was partially offset by (i) repayments of borrowings of RMB8,450.8 million; (ii) movements of restricted cash of RMB1,976.1 million; and (iii) other interests paid of RMB708.8 million.

WORKING CAPITAL SUFFICIENCY

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

INDEBTEDNESS

As of December 31, 2022, 2023 and 2024, September 30, 2025, and November 30, 2025, our indebtedness included borrowings, lease liabilities and redemption liabilities. As of November 30, 2025, being the indebtedness date for the purpose of the indebtedness statement, we had a total indebtedness of RMB33,944.5 million.

FINANCIAL INFORMATION

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

	As of December 31,			As of September 30,	As of November 30,
	2022	2023	2024	2025	2025
	(RMB in thousands)				(unaudited)
Non-current					
Borrowings	4,216,393	7,070,678	7,090,482	9,958,553	10,090,072
Lease liabilities	1,653,804	2,458,406	2,578,670	2,662,099	2,673,998
Payables to non-controlling interests of subsidiaries . . .	1,243,942	1,139,724	1,099,961	1,126,722	1,132,777
Redemption liabilities	799,000	971,030	1,000,713	1,141,420	1,146,717
Financial liabilities at FVPL . .	4,583	19,807	84,136	229,768	229,768
	<u>7,917,722</u>	<u>11,659,645</u>	<u>11,853,962</u>	<u>15,118,562</u>	<u>15,273,332</u>
Current					
Borrowings	11,107,650	10,522,019	12,182,991	16,769,733	18,325,552
Lease liabilities	174,619	304,436	288,658	304,499	345,593
Convertible bonds	1,144,000	–	–	–	–
Redemption liabilities	706,152	124,132	–	–	–
Payables to non-controlling interests of subsidiaries . . .	525	130,478	8,009	63	–
	<u>13,132,946</u>	<u>11,081,065</u>	<u>12,479,658</u>	<u>17,074,295</u>	<u>18,671,145</u>
Total	<u><u>21,050,668</u></u>	<u><u>22,740,710</u></u>	<u><u>24,333,620</u></u>	<u><u>32,192,857</u></u>	<u><u>33,944,477</u></u>

Except for our indebtedness as disclosed above as of December 31, 2022, 2023 and 2024, September 30, 2025, and November 30, 2025, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills) or acceptance credits which were either guaranteed or unguaranteed, secured or unsecured.

As of the Latest Practicable Date, there was no material restrictive covenant in our indebtedness which could significantly limit our ability to obtain future financing, nor was there any material default on our indebtedness or breach of covenant during the Track Record Period and up to the Latest Practicable Date. Our Directors confirm that we did not experience any difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that there has not been any material change in our indebtedness since November 30, 2025 and up to the Latest Practicable Date.

FINANCIAL INFORMATION

Borrowings

Our current and non-current bank borrowings primarily comprise (i) secured and unsecured bank loans; (ii) corporate bonds; and (iii) borrowings from third parties and financial institutions. Our current and non-current bank borrowings increased from RMB15,324.0 million as of December 31, 2022 to RMB17,592.7 million as of December 31, 2023, then increased to RMB19,273.5 million as of December 31, 2024, and further increased to RMB26,728.3 million as of September 30, 2025. Our borrowings subsequently increased to RMB28,415.6 million as of November 30, 2025. Our borrowings are primarily denominated in Renminbi. The effective interest rate on our bank loans ranged from 2.08% to 6.86% during the Track Record Period. See Note 28 to the Accountants’ Report in Appendix I to this Document for details. As of November 30, 2025, we had unutilized bank facilities of RMB26,845.6 million.

Lease Liabilities

As of December 31, 2022, 2023 and 2024, September 30, 2025 and November 30, 2025, our total lease liabilities, including current and non-current portions, amounted to RMB1,828.4 million, RMB2,762.8 million, RMB2,867.3 million, RMB2,966.6 million and RMB3,019.6 million, respectively, mainly comprise properties, offices and land-use-right relating to R&D, manufacturing facilities and offices. See Note 18 to the Accountants’ Report in Appendix I to this Document for details.

Convertible Bonds

Our convertible bonds amounted to RMB1,144.0 million as of December 31, 2022, arising from our subsidiary Sunwoda Mobility Energy entered into a Series A convertible bond agreement for an aggregate principal amount of RMB1,190 million. The investors of this convertible bond converted all the convertible bonds they held into the shares of Sunwoda Mobility Energy in June 2023. See Note 32 to the Accountants’ Report in Appendix I to this Document for details.

CONTINGENT LIABILITIES

We have contingent liabilities in respect of claims or other legal procedures arising in our ordinary course of business from time to time. As of December 31, 2022, 2023 and 2024, and September 30, 2025, our Directors did not anticipate that any material liabilities will arise from the contingent liabilities other than those for which provisions have been made. See Note 45 to the Accountants’ Report in Appendix I to this Document for details.

FINANCIAL INFORMATION

CAPITAL EXPENDITURES

Our capital expenditures primarily comprise expenditures for (i) property, plant and equipment; (ii) intangible assets; and (iii) right-of-use assets. The following table sets forth our capital expenditures for the periods indicated:

	Year ended December 31,			Nine months ended September 30,
	2022	2023	2024	2025
	(RMB in thousands)			
Property, plant and equipment	12,077,658	8,749,875	6,799,338	6,088,172
Intangible assets	34,529	66,518	85,991	33,308
Right-of-use assets	1,311,427	1,463,567	439,083	425,872
Total	13,423,614	10,279,960	7,324,412	6,547,352

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

CAPITAL COMMITMENTS

The following table sets forth our capital commitments as of the dates indicated:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	(RMB in thousands)			
Contracted, but not provided for, net of deposits/ investments paid				
Property, plant and equipment and intangible assets commitments	5,447,826	1,731,444	2,349,879	3,284,762

We expect to satisfy our capital commitments using financial resources currently available to us, cash generated from operations and net [REDACTED] to be received from the [REDACTED].

FINANCIAL INFORMATION

KEY FINANCIAL RATIOS

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

	Year ended/As of December 31,			Nine months ended/As of September 30,
	2022	2023	2024	2025
Gross profit margin (%) ⁽¹⁾ . .	12.0	12.8	14.6	16.2
Current ratio ⁽²⁾	1.2	1.3	1.1	1.1
Inventory turnover ratio ⁽³⁾ . .	5.2	4.9	6.6	5.6
Gearing ratio ⁽⁴⁾	65.2%	62.7%	69.3%	91.6%

Notes:

- (1) Gross profit margin is calculated as gross profit for the year/period divided by revenue for the year/period and multiplied by 100%.
- (2) Current ratio is calculated as total current assets at the end of the year/period divided by total current liabilities.
- (3) Inventory turnover ratio is calculated as annualized cost of revenue divided by the average of the opening and closing inventory balances of the year/period indicated.
- (4) Gearing ratio is calculated based on total debt, including interest-bearing borrowings and finance lease liabilities, divided by total equity as of the date indicated and multiplied by 100%.

Gross Profit Margin

See “— Period-to-Period Comparison of Results of Operations” for details.

Current Ratio

Our current ratio increased from 1.2 as of December 31, 2022 to 1.3 as of December 31, 2023, primarily due to (i) an increase in cash and cash equivalents of RMB2,571.0 million, reflecting higher net proceeds from financing activities and stronger operating cash inflows; and (ii) a decrease in trade and notes payables of RMB4,053.5 million, mainly as a result of decreased settlement obligations in line with the overall decrease in revenue from our consumer battery business and EV battery business.

Our current ratio decreased from 1.3 as of December 31, 2023 to 1.1 as of December 31, 2024, primarily due to (i) a decrease in cash and cash equivalents of RMB4,202.9 million, mainly as a result of increased capital expenditures on property, plant and equipment primarily due to our strategic expansion of our production and R&D facilities; and (ii) an increase in trade and notes payables of RMB5,864.8 million, mainly in line with our business expansion.

Our current ratio remained relatively stable at 1.1 and 1.1 as of December 31, 2024 and September 30, 2025, respectively.

FINANCIAL INFORMATION

Inventory Turnover Ratio

See “— Discussion of Selected Consolidated Statements of Financial Position” for details.

Gearing Ratio

Our gearing ratio decreased from 65.2% as of December 31, 2022 to 62.7% as of December 31, 2023, primarily due to an increase in our total equity from RMB26,315.4 million to RMB32,444.6 million, which outpaced the increase in our total borrowings and lease liabilities from RMB17,152.5 million to RMB20,355.5 million.

Our gearing ratio increased from 62.7% as of December 31, 2023 to 69.3% as of December 31, 2024, primarily due to (i) an increase in our borrowings from RMB17,592.7 million to RMB19,273.5 million, and (ii) a slight decrease in our total equity from RMB32,444.6 million to RMB31,926.9 million.

Our gearing ratio further increased from 69.3% as of December 31, 2024 to 91.6% as of September 30, 2025, primarily due to a continued increase in our borrowings from RMB19,273.5 million to RMB26,728.3 million, while our total equity remained relatively stable at RMB31,926.9 million and RMB32,417.0 million as of December 31, 2024 and September 30, 2025, respectively.

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. For details of our related party transactions, see note 46 to the Accountants’ Report in Appendix I to this Document for details. It is the view of our Directors that each of the related party transactions set out in Note 46 to the Accountants’ Report in Appendix I to this Document (i) were conducted on arm’s length basis and on normal commercial terms, which are considered fair, reasonable and in the interest of our Shareholders as a whole; and (ii) do not distort our financial results during the Track Record Period or make our historical results not reflective of our future performance.

As of September 30, 2025, all our outstanding balances due from related parties of non-trade nature have been fully settled. Any related party transactions after the [REDACTED] will be conducted in compliance with the applicable Listing Rules.

OFF-BALANCE SHEET ARRANGEMENTS

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

FINANCIAL INFORMATION

FINANCIAL RISK DISCLOSURE

Our activities expose us to a variety of financial risks such as market risk covering market risk (including foreign exchange risk and interest rate risk), credit risk, liquidity risk and price risk. Our overall risk management aims to balance risk and return, minimize the adverse impact of risk on our financial performance and maximize the interests of our shareholders and other equity investors. In line with this objective, our fundamental risk management strategy is to identify and analyze the risks we face, set appropriate risk tolerance thresholds, and monitor those risks in a timely and reliable manner so as to keep them within acceptable limits. For details of our financial risks and our risk management measures, see Note 3 to the Accountants’ Report in Appendix I to this Document for details.

Market Risk

Foreign Exchange Risk

Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the respective functional currency of us. We manage foreign exchange risk by performing regular reviews of our net foreign exchange exposures and try to minimize these exposures through buying and selling foreign currencies at market rate, wherever possible.

Interest Rate Risk

Our interest rate risk primarily arises from interest-bearing borrowings. Borrowings issued at floating rates expose us to cash flow interest rate risk, while borrowings issued at fixed rates expose us to fair value interest rate risk. We determine the proportion of borrowings issued at floating rates and fixed rates based on the market environment and maintain an appropriate combination of financial instruments through regular review and monitoring.

As of December 31, 2022, 2023 and 2024, and September 30, 2025, our total borrowings bearing floating rates amounted to approximately RMB3,706.3 million, RMB7,237.7 million, RMB7,940.4 million and RMB11,702.2 million, respectively.

Credit Risk

Credit risk arises from cash and cash equivalents, restricted cash and term deposits, as well as trade and notes receivables, other receivables and contract assets. The carrying amount of each class of the above financial assets represents our maximum exposure to credit risk in relation to the corresponding class of financial assets.

FINANCIAL INFORMATION

To manage this risk, cash and cash equivalents as well as restricted cash and term deposits are mainly placed with reputable financial institutions which are all high-credit-quality financial institutions. To manage risk from trade and notes receivables as well as other receivables and contract assets, we have policies in place to ensure that credit terms are made to counterparties with an appropriate credit history and we perform ongoing credit evaluations of the counterparties. We also have continuous monitoring procedures to ensure the collection of the receivables as scheduled and follow-up action is taken to recover overdue debts, if any.

Liquidity Risk

We intend to maintain sufficient cash and cash equivalents. Due to the dynamic nature of our underlying business, our policy is to regularly monitor our liquidity risk and to maintain adequate liquid assets such as cash and cash equivalents and term deposits or to retain adequate financing arrangements to meet our liquidity requirements.

DIVIDENDS

In 2022, 2023, and 2024, and for the nine months ended September 30, 2025, we declared dividends of RMB119.5 million, RMB149.0 million, RMB221.7 million and RMB385.0 million, respectively.

A decision to declare or to pay dividends in the future and the amount of dividends will be at the discretion of our Board and will depend on a number of factors, including our results of operations, cash flows, financial condition, payments by our subsidiaries of cash dividends to us, business prospects, statutory and regulatory restrictions on our declaration and payment of dividends and other factors that our Board may consider important. Any declaration and payment of dividends, as well as the amount thereof, shall comply with our Articles of Association and the relevant PRC laws and regulations, and shall be approved by our Board of Directors respectively before being submitted to the Shareholders’ Meeting for approval.

According to applicable PRC laws and our Articles of Association, we will pay dividends out of our profit after tax only after we have made the following allocations: recovery of any accumulated historical losses and allocations to the statutory reserve equivalent to 10% of our profit after tax. If there are no major investment plans or significant cash expenditures, the profits distributed in cash shall be no less than 10% of the distributable profits achieved in the year. At the same time, our cumulative profits distributed in cash over the past three years shall be no less than 30% of the average annual distributable profits achieved in the past three years.

DISTRIBUTABLE RESERVES

As of September 30, 2025, we had RMB7,304.2 million in distributable reserves available for distribution to our shareholders.

FINANCIAL INFORMATION

[REDACTED] EXPENSES

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

FINANCIAL INFORMATION

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

[REDACTED]

FINANCIAL INFORMATION

[REDACTED]

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, as of the Latest Practicable Date, there has been no material adverse change in our financial or trading position, indebtedness, mortgage, contingent liabilities, guarantees or prospects since September 30, 2025, the end of the period reported on the Accountants’ Report included in Appendix I to this Document.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

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

FUTURE PLANS AND USE OF [REDACTED]

FUTURE PLANS

Please see “Business — Our Strategies” for a detailed description of our future plans.

USE OF [REDACTED]

We estimate that we will receive net [REDACTED] from the [REDACTED] of approximately HK\$[REDACTED] million, after deducting [REDACTED], fees and estimated expenses payable by us in connection with the [REDACTED], assuming no [REDACTED] is exercised, and an [REDACTED] of HK\$[REDACTED] per [REDACTED], being the midpoint of the indicative [REDACTED] stated in this Document.

In line with our strategies, we intend to use the net [REDACTED] from the following purposes, subject to changes in light of our evolving business needs and changing market conditions:

	Year ended December 31,					Total	Approximate % of the total
	2026	2027	2028	2029	2030		
						(HK\$ in million)	
Achieve our international growth strategies including the expansion of our new production facilities overseas and global sales and service network to better reach our growing international customer base	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
For research and development to maintain our leading position in the lithium-ion battery industry and to further enhance our technological capabilities	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Support the digitalisation and intelligent upgrade of our operations	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
For potential investments in or acquisitions of upstream and downstream businesses to support our strategic development and expand the breadth and depth of our value chain ^(Note)				[REDACTED]		[REDACTED]	[REDACTED]
For working capital and other general corporate purposes . .	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Note: The investment timeline for each acquisition project is determined on a case-by-case basis.

FUTURE PLANS AND USE OF [REDACTED]

- Approximately [REDACTED]% or HK\$[REDACTED] million, will be used to achieve our international growth strategies including the expansion of our new production facilities overseas and global sales and service network to better reach our growing international customer base. In particular:
 - o Approximately [REDACTED]%, or HK\$[REDACTED] million, will be used to develop our overseas production capacity through launching our new production base in Vietnam (the “Vietnam Base”). In July 2024, our board of directors held a meeting and approved the proposal to invest in the construction of the Vietnam Base designed primarily for the production of consumer battery cells and SiP modules, with a total investment amount not exceeding RMB[REDACTED] billion, of which RMB[REDACTED] million is in place, including the registered capital of US\$[REDACTED] million and the remaining would be funded through long term overseas bank loans and net [REDACTED] from the [REDACTED]. Vietnam Base will complement our existing facility in Vietnam, which currently focuses on battery pack assembly for consumer batteries.

As part of our strategic expansion of overseas production, the Vietnam Base will bring us closer to key international customers, enhance supply chain efficiency and cost competitiveness through localized manufacturing and regional coordination, and improve our ability to respond to market dynamics and mitigate risks arising from market volatility. This market-driven expansion plan is also aligned with the anticipated growth of the lithium-ion battery industry. According to CIC, global shipment volume of consumer batteries are expected to increase from 4,159 million units in 2024 to 5,968 million units in 2030.

The Vietnam Base is designed to have an annual production capacity of approximately 56 million batteries. More specifically: (a) approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, will be used for the construction of production facilities and supporting warehouses; (b) approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, will be used for electromechanical systems integration and related fit-out works; and (c) approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, will be used for the procurement and installation of production equipment and manufacturing lines. The trial production of Vietnam base is expected to commence in 2026, with approximately [REDACTED]% of its designed production capacity expected to be in operation by the end of 2026, and full ramp-up to [REDACTED]% of designed capacity targeted by the end of 2028; and

FUTURE PLANS AND USE OF [REDACTED]

- o Approximately [REDACTED]%, or HK\$[REDACTED] million, will be used to expand our global sales and service network, including: (i) establishing new overseas offices in markets such as France, Brazil and Australia and recruiting experienced local sales professionals to strengthen our international presence, acquire new customers, and deepen existing relationships; and (ii) enhancing the customer support capabilities of these overseas offices by engaging localized service personnel to provide timely, responsive, and comprehensive support, thereby improving customer satisfaction and loyalty.
- Approximately [REDACTED]%, or HK\$[REDACTED] million, will be used for research and development to maintain our leading position in the lithium-ion battery industry and to further enhance our technological capabilities, including, (i) advancing innovation in battery cell materials and structural design, and developing new battery products tailored for diverse use cases, such as commercial vehicles, construction machinery and new energy vessels, with a focus on high-performance cells; (ii) optimizing the design and development of battery modules and enhancing our power management system technologies, with key R&D directions including high-capacity configurations, smart control, high C-rate performance, compact and lightweight form factors, such as miniaturised batteries for wearables and other portable devices; (iii) investing in the development and strategic deployment of advanced battery technologies which enables superior product performance and rapid commercialization, allowing us to stay ahead of market trends, respond flexibly to evolving customer needs, and reinforce our technical leadership across the battery development and production value chain to build differentiated competitive advantages; and (iv) continuously developing and refining our R&D management systems and platforms, as well as strengthening the recruitment and cultivation of core technical and technical management talent, with a view to improving the quality and efficiency of our R&D.
- Approximately [REDACTED]%, or HK\$[REDACTED] million, will be used to support the digitalisation and intelligent upgrade of our operations. In particular:
 - o Approximately [REDACTED]%, or HK\$[REDACTED] million, will be used to further upgrade and transform our existing production facilities, including the phased replacement and enhancement of automation hardware and software across our production lines, for enhancing intelligent factory management and improved operational efficiency; and
 - o approximately [REDACTED]%, or HK\$[REDACTED] million, will be used for the development of full lifecycle digital management systems. This includes the development of advanced business analytics capabilities, digital infrastructure for data and process integration, and refined information security systems, with a view to enhancing management efficiency, operational visibility and data-driven decision-making.

FUTURE PLANS AND USE OF [REDACTED]

- Approximately [REDACTED]%, or HK\$[REDACTED] million, is expected to be used for potential investments in or acquisitions of upstream and downstream businesses to support our strategic development and expand the breadth and depth of our value chain, with a primary focus in domestic market. In particular, we plan to explore opportunities in areas such as raw material supply and emerging downstream application technologies, with a view to strengthening cost efficiency, securing key resources, enriching our product and solution offerings, and unlocking cross-segment synergies. We evaluate potential targets based on a number of factors, including (i) business relevance and synergy with our existing operations. In particular, we value upstream targets could enhance the stability of our supply chain and reduce procurement costs, and downstream targets could strengthen our sales channels and broaden application scenarios, (ii) enhancement to our product and customer portfolio, (iii) technological capabilities and growth potential. For instance, insights from upstream targets on the supply side could facilitate our development of new raw materials and support their application, and (iv) operational and financial track record. We generally target companies with a strong market position, sound internal controls and a proven history of compliance. In identifying potential acquisition targets, we primarily focus on companies with a proven track record, typically with annual revenue of over RMB[REDACTED] million and positive cash flow, as well as high-growth companies with leading or differentiating technologies that complement or enhance our existing capabilities. In particular, for the raw material sector, we intend to select two targets by allocating approximately RMB[REDACTED] million to each target; for the emerging technology sector, we intend to select three targets, by allocating approximately RMB[REDACTED] million to each target. The Company would primarily focus on acquiring minority interests of the target, while retaining flexibility to consider majority interests as the case may be. As of the Latest Practicable Date, we had not identified any specific investment or acquisition target. We will continuously screen potential acquisition targets and identify suitable ones to facilitate business integration and expand our business scope. According to CIC, there were thousands of suitable targets of such caliber as of the Latest Practicable Date, based on initial identification through desk research and public searches to filter players meeting the target selection criteria, followed by expert interviews and data from CIC’s database to locate those targets that met the acquisition standards.
- Approximately [REDACTED]%, or HK\$[REDACTED] million, will be used for working capital and other general corporate purposes.

If the [REDACTED] is not exercised, the net [REDACTED] that we will receive will be approximately HK\$[REDACTED] million, assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the midpoint of the indicative [REDACTED]). If the [REDACTED] is set at HK\$[REDACTED] per [REDACTED], being the high end of the indicative [REDACTED], the net [REDACTED] from the [REDACTED] will increase to approximately HK\$[REDACTED] million. If the [REDACTED] is set at HK\$[REDACTED] per [REDACTED], being the low end of the indicative [REDACTED], the net [REDACTED] from the [REDACTED] will decrease to approximately HK\$[REDACTED] million. The above allocation of the net [REDACTED] from the [REDACTED] will be adjusted on a pro rata basis in the event that the [REDACTED] is fixed at a higher or lower level compared to the midpoint of the indicative [REDACTED] stated in this Document.

FUTURE PLANS AND USE OF [REDACTED]

If the [REDACTED] is exercised in full, the net [REDACTED] that we will receive will be approximately HK\$[REDACTED] million, assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the midpoint of the indicative [REDACTED]). If the [REDACTED] is set at HK\$[REDACTED] per [REDACTED], being the high end of the indicative [REDACTED], the net [REDACTED] from the [REDACTED] will increase to approximately HK\$[REDACTED] million. If the [REDACTED] is set at HK\$[REDACTED] per [REDACTED], being the low end of the indicative [REDACTED], the net [REDACTED] from the [REDACTED] will decrease to approximately HK\$[REDACTED] million. In the event that the [REDACTED] is exercised in full, we intend to apply the additional net [REDACTED] to the above purpose in the proportions stated above.

To the extent that our net [REDACTED] are not sufficient to fund the purposes set out above, we intend to fund the balance through a variety of means, including cash generated from operations, bank loans and other borrowings. To the extent that the net [REDACTED] from the [REDACTED] are not immediately used for the purposes described above and to the extent permitted by the relevant laws and regulations, they will be placed in short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions). We will issue an appropriate announcement if there is any material change to the above proposed use of [REDACTED].

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report set out on pages [I-1 to I-[●]], received from the Company’s reporting accountants, Confucius International CPA Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document. It is prepared and addressed to the directors of the Company and to the Joint Sponsors pursuant to the requirements of HKSIR 200, Accountants’ Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.



天健國際會計師事務所有限公司

Confucius International CPA Limited

Certified Public Accountants

香港灣仔莊士敦道181號大有大廈15樓1501-1508室
Rooms 1501-8, 15/F., Tai Yau Building,
181 Johnston Road, Wanchai, Hong Kong
電話 Tel: (852) 3103 6980
傳真 Fax: (852) 3104 0170
電郵 Email: info@pcpa.hk

ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SUNWODA ELECTRONIC CO., LTD. AND GOLDMAN SACHS (ASIA) L.L.C. AND CITIC SECURITIES (HONG KONG) LIMITED

Introduction

We report on the historical financial information of Sunwoda Electronic Co., Ltd. (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-[●] to I-[●], which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at December 31, 2022, 2023 and 2024 and September 30, 2025, and the consolidated statements of profit or loss, and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended December 31, 2022, 2023 and 2024, and the nine months ended September 30, 2025 (the “Track Record Period”) and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages I-[●] to I-[●] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [REDACTED] (the “Document”) in connection with the initial [REDACTED] of H shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors’ Responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

APPENDIX I

ACCOUNTANTS’ REPORT

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’ judgment, 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 considers internal control relevant to the entity’s preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 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 Company’s and the Group’s financial position as at December 31, 2022, 2023 and 2024 and September 30, 2025 and of the Group’s financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the nine months ended 30 September 2024 and other explanatory information (the “Stub Period Comparative Financial Information”).

APPENDIX I

ACCOUNTANTS’ REPORT

The directors of the Company are responsible for the preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative 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 Stub Period Comparative 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 to the Historical Financial Information.

Report on Matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) 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-[●] have been made.

APPENDIX I

ACCOUNTANTS’ REPORT

Dividends

We refer to Note 12 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Track Record Period.

Confucius International CPA Limited

Certified Public Accountants

Hong Kong

[Date]

APPENDIX I

ACCOUNTANTS’ REPORT

I HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants’ report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by Confucius International CPA Limited in accordance with Hong Kong Standards on Auditing issued by HKICPA (“Underlying Financial Statements”).

The Historical Financial Information is presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Notes	Year ended December 31,			Nine months ended September 30,	
		2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(Unaudited)	
Revenue	5	52,162,269	47,862,227	56,020,634	38,278,681	43,533,748
Cost of revenue	8	(45,877,669)	(41,744,183)	(47,817,803)	(32,424,744)	(36,460,658)
Gross profit		6,284,600	6,118,044	8,202,831	5,853,937	7,073,090
General and administrative expenses . .	8	(2,327,600)	(2,897,553)	(3,332,799)	(2,372,210)	(2,738,935)
Selling and marketing expenses	8	(285,759)	(389,057)	(522,651)	(388,200)	(420,531)
Research and development expenses . .	8	(2,741,803)	(2,710,630)	(3,330,198)	(2,267,622)	(3,201,977)
Net impairment losses on financial and contract assets	3.2	(146,402)	(12,936)	(93,604)	(35,517)	(49,204)
Other income	6	331,824	471,453	538,839	327,768	344,171
Other gains/(losses), net	7	(173,513)	4,270	(331,481)	(144,043)	288,138
Operating profit		941,347	583,591	1,130,937	974,113	1,294,752
Finance income	10	193,979	377,161	374,787	270,092	207,508
Finance costs	10	(687,545)	(726,935)	(716,441)	(525,153)	(578,868)
Finance (costs)/income, net.	10	(493,566)	(349,774)	(341,654)	(255,061)	(371,360)
Share of profit or loss of investments in associates and joint ventures.	14	(8,271)	(65,548)	17,152	998	64,102
Impairment provision for investments in associates and joint ventures.	14	–	–	(17,693)	(17,693)	–
Profit before income tax		439,510	168,269	788,742	702,357	987,494
Income tax credit/(expense)	11	323,851	162,477	(254,459)	(148,866)	(208,410)
Profit for the year/period		763,361	330,746	534,283	553,491	779,084
Attributable to:						
– Owners of the Company	40	1,068,014	1,076,198	1,474,324	1,212,215	1,413,519
– Non-controlling interests.		(304,653)	(745,452)	(940,041)	(658,724)	(634,435)
		763,361	330,746	534,283	553,491	779,084
Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)						
• Basic	13	0.62	0.58	0.80	0.66	0.77
• Diluted	13	0.62	0.58	0.80	0.66	0.77

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Notes	Year ended December 31,			Nine months ended September 30,	
		2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Profit for the year/period		763,361	330,746	534,283	553,491	779,084
Attributable to:						
– Owners of the Company	40	1,068,014	1,076,198	1,474,324	1,212,215	1,413,519
– Non-controlling interests		(304,653)	(745,452)	(940,041)	(658,724)	(634,435)
		763,361	330,746	534,283	553,491	779,084
Other comprehensive income/(losses)						
<i>Items that will not be reclassified to profit or loss, net of tax:</i>						
– Changes arising from remeasurement of defined benefit plan, net of tax		–	–	–	–	100
– Changes in fair value of equity instruments at fair value through other comprehensive income . . .		–	–	(2,482)	–	–
<i>Items that may be reclassified to profit or loss in subsequent periods, net of tax:</i>						
– Share of other comprehensive income of associates and joint ventures	14	–	(128)	135	(7)	1,208
– Changes in fair value of notes receivables at fair value through other comprehensive income . . .		–	(990)	(683)	412	1,641
– Cash flow hedging reserves . . .		–	–	–	–	(1,080)
– Exchange differences on translation of foreign operations .		3,946	10,739	(7,964)	(5,918)	(10,512)
Other comprehensive income/(losses) for the year/period, net of tax . . .		3,946	9,621	(10,994)	(5,513)	(8,643)
Attributable to:						
– Owners of the Company		3,947	9,976	(9,916)	(7,591)	(18,248)
– Non-controlling interests		(1)	(355)	(1,078)	2,078	9,605
		3,946	9,621	(10,994)	(5,513)	(8,643)
Total comprehensive income for the year/period		767,307	340,367	523,289	547,978	770,441
Attributable to:						
– Owners of the Company		1,071,961	1,086,174	1,464,408	1,204,624	1,395,271
– Non-controlling interests		(304,654)	(745,807)	(941,119)	(656,646)	(624,830)
		767,307	340,367	523,289	547,978	770,441

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at December 31,			As at September 30,
	Notes	2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
ASSETS					
Non-current assets					
Property, plant and equipment.	17	22,435,708	28,840,582	32,740,803	36,498,754
Right-of-use assets	18	2,203,052	3,325,915	2,997,536	3,094,030
Contract assets.	3.2	—	—	2,991	4,899
Deferred tax assets	21	767,808	1,156,259	1,237,744	1,263,264
Intangible assets.	19	144,341	210,195	247,422	242,347
Investments in associates and joint ventures	14	551,292	879,850	942,141	1,027,794
Equity instruments at fair value through other comprehensive income	15	91,897	91,897	88,978	88,978
Other financial assets at fair value through profit or loss	15	1,102,712	1,517,848	1,435,646	1,741,551
Restricted cash and term deposits . .	27	—	—	30,000	100,268
Prepayments and other receivables. .	23	285,907	21,163	338,220	337,560
Other non-current assets	25	1,767,203	1,446,568	2,124,426	3,079,394
Total non-current assets.		29,349,920	37,490,277	42,185,907	47,478,839
Current assets					
Inventories	26	9,874,547	7,044,627	7,485,086	9,934,812
Contract assets.	3.2	39,857	32,328	55,062	31,813
Trade and notes receivables	22	13,432,024	12,784,172	16,513,049	17,400,770
Prepayments and other receivables. .	23	835,896	873,046	757,546	711,811
Notes receivables at fair value through other comprehensive income	15	295,691	561,006	658,422	511,101
Wealth management products	24	110,000	404,420	151,375	344,676
Derivative financial instruments . . .	34	—	961	207,590	470,265
Restricted cash and term deposits . .	27	8,256,250	4,767,350	8,403,659	10,356,836
Cash and cash equivalents	27	11,097,753	13,668,744	9,465,822	11,145,952
Other current assets	25	1,207,242	1,634,328	1,614,825	2,055,132
Total current assets.		45,149,260	41,770,982	45,312,436	52,963,168
Total assets		74,499,180	79,261,259	87,498,343	100,442,007

APPENDIX I

ACCOUNTANTS’ REPORT

		As at December 31,			As at September 30,
	Notes	2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
LIABILITIES					
Non-current liabilities					
Borrowings	28	4,216,393	7,070,678	7,090,482	9,958,553
Lease liabilities	18	1,653,804	2,458,406	2,578,670	2,662,099
Deferred tax liabilities.	21	198,086	299,705	365,201	344,050
Deferred income	36	676,955	1,492,972	1,786,489	2,011,502
Accruals and other payables	30	2,042,942	2,110,754	2,100,674	2,271,787
Financial liabilities at fair value					
through profit or loss	33	4,583	19,807	84,136	229,768
Provisions.	31	383,831	599,184	1,021,510	993,943
Total non-current liabilities		9,176,594	14,051,506	15,027,162	18,471,702
Current liabilities					
Borrowings	28	11,107,650	10,522,019	12,182,991	16,769,733
Trade and notes payables	29	23,172,672	19,119,220	24,984,037	28,451,856
Contract liabilities	5	595,558	602,537	665,433	1,296,428
Lease liabilities	18	174,619	304,436	288,658	304,499
Current tax liabilities		13,966	46,645	54,188	128,310
Convertible bonds	32	1,144,000	—	—	—
Financial liabilities at fair value					
through profit or loss	33	—	3,000	7,000	3,000
Derivative financial instruments . . .	34	—	—	349,636	373,018
Accruals and other payables	30	2,305,325	1,608,728	1,592,083	1,509,397
Provisions.	31	32,713	20,217	2,193	222,729
Other current liabilities	35	460,696	538,329	418,111	494,359
Total current liabilities		39,007,199	32,765,131	40,544,330	49,553,329
Total liabilities		48,183,793	46,816,637	55,571,492	68,025,031
EQUITY					
Share capital	37	1,862,422	1,862,217	1,845,806	1,847,462
Treasury shares	38	(106,244)	(59,979)	(199,964)	(103,008)
Other reserves	41	14,062,638	16,226,623	15,798,444	15,794,166
Retained earnings.	40	4,244,958	5,086,588	6,283,772	7,304,211
		20,063,774	23,115,449	23,728,058	24,842,831
Non-controlling interests	16	6,251,613	9,329,173	8,198,793	7,574,145
TOTAL EQUITY		26,315,387	32,444,622	31,926,851	32,416,976
TOTAL LIABILITIES AND					
EQUITY		74,499,180	79,261,259	87,498,343	100,442,007

APPENDIX I

ACCOUNTANTS’ REPORT

COMPANY’S STATEMENTS OF FINANCIAL POSITION

		As at December 31,			As at September 30,
	Notes	2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
ASSETS					
Non-current assets					
Property, plant and equipment	17	3,833,515	3,918,009	4,264,495	4,596,937
Right-of-use assets	18	306,678	279,231	195,973	162,595
Intangible assets	19	16,125	16,345	35,425	35,889
Investments in associates	14	260,046	505,828	524,998	538,151
Investments in subsidiaries	16	8,486,902	9,568,744	11,778,794	13,206,439
Equity instruments at fair value through other comprehensive income	15	91,897	91,897	88,978	88,978
Other financial assets at fair value through profit or loss	15	105,383	125,252	127,645	154,902
Other non-current assets	25	248,037	181,801	197,691	344,356
Total non-current assets		13,348,583	14,687,107	17,213,999	19,128,247
Current assets					
Inventories	26	2,226,132	1,291,717	1,533,483	2,003,026
Prepayments and other receivables . .	23	6,833,295	5,797,509	6,071,993	5,444,327
Trade and notes receivables	22	9,741,868	6,828,271	8,924,296	8,798,486
Derivative financial instruments . . .	34	—	961	175,616	145,914
Notes receivables at fair value through other comprehensive income	15	45,953	142,655	64,539	97,078
Restricted cash and term deposits . .	27	1,999,254	1,004,537	1,757,594	1,736,485
Cash and cash equivalents	27	4,442,042	3,821,306	1,974,910	2,876,983
Other current assets	25	35,623	44,905	15,530	166,844
Total current assets		25,324,167	18,931,861	20,517,961	21,269,143
Total assets		38,672,750	33,618,968	37,731,960	40,397,390

APPENDIX I

ACCOUNTANTS’ REPORT

		As at December 31,			As at September 30,
	Notes	2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
LIABILITIES					
Non-current liabilities					
Borrowings	28	1,603,426	1,213,628	596,753	1,645,823
Lease liabilities	18	127,375	78,355	41,639	26,932
Deferred tax liabilities.	21	74,429	103,144	132,026	82,798
Deferred income	36	117,024	135,485	178,885	223,327
Total non-current liabilities		1,922,254	1,530,612	949,303	1,978,880
Current liabilities					
Borrowings	28	7,847,073	4,349,236	3,348,996	3,668,543
Trade and notes payables	29	7,794,314	6,383,911	10,578,985	11,212,591
Contract liabilities	5	220,541	35,458	78,359	173,183
Lease liabilities	18	81,604	102,776	56,959	36,034
Derivative financial instruments . . .	34	—	—	—	125,321
Accruals and other payables	30	1,247,431	852,660	1,817,683	2,400,669
Other current liabilities	35	89,910	78,177	63,105	106,404
Total current liabilities		17,280,873	11,802,218	15,944,087	17,722,745
Total liabilities		19,203,127	13,332,830	16,893,390	19,701,625
EQUITY					
Share capital	37	1,862,422	1,862,217	1,845,806	1,847,462
Treasury shares	38	(106,244)	(59,979)	(199,964)	(103,008)
Other reserves	41	11,652,674	11,801,955	11,654,572	11,695,848
Retained earnings	40	6,060,771	6,681,945	7,538,156	7,255,463
TOTAL EQUITY		19,469,623	20,286,138	20,838,570	20,695,765
TOTAL LIABILITIES AND EQUITY					
		38,672,750	33,618,968	37,731,960	40,397,390

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company							Non-controlling interests	Total equity
	Share capital	Share premium	Treasury shares	Other comprehensive income	Other reserves	Retained earnings	Sub-total		
	RMB'000 (Note 37)	RMB'000 (Note 41)	RMB'000 (Note 38)	RMB'000 (Note 41)	RMB'000 (Note 41)	RMB'000 (Note 40)	RMB'000	RMB'000	RMB'000
Balance at January 1, 2022	1,718,957	6,951,371	(226,360)	(170)	1,140,674	3,448,876	13,033,348	718,359	13,751,707
Profit/(losses) for the year	—	—	—	—	—	1,068,014	1,068,014	(304,653)	763,361
Other comprehensive income/(losses)	—	—	—	3,947	—	—	3,947	(1)	3,946
Total comprehensive income/(losses).	—	—	—	3,947	—	1,068,014	1,071,961	(304,654)	767,307
Issuance of GDRs (representing A shares)	143,795	2,896,874	—	—	—	—	3,040,669	—	3,040,669
Capital contributions by non-controlling interests	—	—	—	—	2,742,096	—	2,742,096	5,645,544	8,387,640
Conversion of convertible bonds	—	—	—	—	—	—	—	800,000	800,000
Redemption liabilities arising from non-controlling interests'	—	—	—	—	—	—	—	(634,793)	(634,793)
put options (Note 41)	—	—	—	—	3,000	(3,000)	—	—	—
Appropriation to general risk reserves.	—	—	—	—	149,426	(149,426)	—	—	—
Appropriation to statutory reserve	—	—	—	—	—	—	—	—	—
Share-based payment:									
Share-based compensation									
expenses	—	—	—	—	178,156	—	178,156	27,157	205,313
Exercise of restricted shares	—	104,006	117,050	—	(104,006)	—	117,050	—	117,050
Cancellation of shares under share schemes	(330)	(2,736)	3,066	—	—	—	—	—	—
Declaration of dividends	—	—	—	—	—	(119,506)	(119,506)	—	(119,506)
Balance at December 31, 2022	1,862,422	9,949,515	(106,244)	3,777	4,109,346	4,244,958	20,063,774	6,251,613	26,315,387

- I-13 -

APPENDIX I

ACCOUNTANTS’ REPORT

Attributable to owners of the Company									
	Share capital	Share premium	Treasury shares	Other comprehensive income	Other reserves	Retained earnings	Sub-total	Non-controlling interests	Total equity
	RMB'000 (Note 37)	RMB'000 (Note 41)	RMB'000 (Note 38)	RMB'000 (Note 41)	RMB'000 (Note 41)	RMB'000 (Note 40)	RMB'000	RMB'000	RMB'000
Balance at January 1, 2024	1,862,217	10,183,606	(59,979)	13,753	6,029,264	5,086,588	23,115,449	9,329,173	32,444,622
Profit/(losses) for the year.	—	—	—	—	—	1,474,324	1,474,324	(940,041)	534,283
Other comprehensive losses.	—	—	—	(9,916)	—	—	(9,916)	(1,078)	(10,994)
Total comprehensive income/(losses).	—	—	—	(9,916)	—	1,474,324	1,464,408	(941,119)	523,289
Capital contributions by non-controlling interests.	—	—	—	—	—	—	—	64,294	64,294
Repurchase of ordinary shares	—	—	(448,598)	—	—	—	(448,598)	—	(448,598)
Cancellation of ordinary shares	(17,392)	(291,221)	308,613	—	—	—	—	—	—
Appropriation to statutory reserve	—	—	—	—	49,343	(49,343)	—	—	—
Share-based payment:									
Share-based compensation expenses.	—	—	—	—	128,785	—	128,785	76,303	205,088
Exercise of restricted shares.	981	22,516	—	—	(4,534)	—	18,963	—	18,963
Declaration of dividends	—	—	—	—	—	(221,714)	(221,714)	(44,100)	(265,814)
Transactions with non-controlling interests.	—	—	—	—	(294,237)	—	(294,237)	(240,401)	(534,638)
Appropriation of safety funds	—	—	—	—	6,083	(6,083)	—	—	—
Share of other changes in net assets of associates and joint ventures.	—	—	—	—	(3,977)	—	(3,977)	—	(3,977)
Redemption liabilities arising from non-controlling interests' put options (Note 41)	—	—	—	—	—	—	—	—	—
Balance at December 31, 2024	1,845,806	9,914,901	(199,964)	3,837	5,879,706	6,283,772	23,728,058	8,198,793	31,926,851

APPENDIX I

ACCOUNTANTS’ REPORT

Attributable to owners of the Company										
	Share capital	share premium	Treasury shares	Other		Other reserves	Retained earnings	Sub-total	Non-controlling interests	Total equity
				comprehensive income						
	RMB'000 (Note 37)	RMB'000 (Note 41)	RMB'000 (Note 38)	RMB'000 (Note 41)	RMB'000 (Note 41)	RMB'000 (Note 41)	RMB'000 (Note 40)	RMB'000	RMB'000	RMB'000
(Unaudited)										
Balance at January 1, 2024	1,862,217	10,183,606	(59,979)	13,753	6,029,264	5,086,588	23,115,449	9,329,173	32,444,622	
Profit/(losses) for the period	—	—	—	—	—	1,212,215	1,212,215	(658,724)	553,491	
Other comprehensive losses	—	—	—	(7,591)	—	—	(7,591)	2,078	(5,513)	
Total comprehensive income/(losses)	—	—	—	(7,591)	—	1,212,215	1,204,624	(656,646)	547,978	
Capital contributions by non-controlling interests	—	—	—	—	—	—	—	59,156	59,156	
Transactions with non-controlling interests	—	—	—	—	(299,382)	—	(299,382)	(235,256)	(534,638)	
Repurchase of ordinary shares	—	—	(339,999)	—	—	—	(339,999)	—	(339,999)	
Share-based payment:										
Share-based compensation expenses	—	—	—	—	96,745	—	96,745	75,898	172,643	
Declaration of dividends	—	—	—	—	—	(221,714)	(221,714)	—	(221,714)	
Redemption liabilities arising from non-controlling interests' put options										
(Note 41)	—	—	—	—	(8,411)	—	(8,411)	(12,509)	(20,920)	
Balance at September 30, 2024	1,862,217	10,183,606	(399,978)	6,162	5,818,216	6,077,089	23,547,312	8,559,816	32,107,128	

APPENDIX I

ACCOUNTANTS’ REPORT

	Attributable to owners of the Company								
	Share capital	share premium	Treasury shares	Other comprehensive income	Other reserves	Retained earnings	Sub-total	Non-controlling interests	Total equity
	RMB'000 (Note 37)	RMB'000 (Note 41)	RMB'000 (Note 38)	RMB'000 (Note 41)	RMB'000 (Note 41)	RMB'000 (Note 40)	RMB'000	RMB'000	RMB'000
Balance at January 1, 2025	1,845,806	9,914,901	(199,964)	3,837	5,879,706	6,283,772	23,728,058	8,198,793	31,926,851
Profit/(losses) for the period	-	-	-	-	-	1,413,519	1,413,519	(634,435)	779,084
Other comprehensive income	-	-	-	(18,248)	-	-	(18,248)	9,605	(8,643)
Total comprehensive income/(losses)	-	-	-	(18,248)	-	1,413,519	1,395,271	(624,830)	770,441
Capital contributions by non-controlling interests	-	-	-	-	21,812	-	21,812	29,191	51,003
Share-based payment:									
Share-based compensation expenses	-	-	-	-	98,872	-	98,872	68,681	167,553
Exercise of restricted shares	1,656	69,903	96,956	-	(89,813)	-	78,702	-	78,702
Declaration of dividends	-	-	-	-	-	(384,978)	(384,978)	(15,517)	(400,495)
Transactions with non-controlling interests	-	-	-	-	(15,819)	-	(15,819)	(24,181)	(40,000)
Appropriation of safety funds	-	-	-	-	8,102	(8,102)	-	-	-
Redemption liabilities arising from non-controlling interests' put options	-	-	-	-	(79,087)	-	(79,087)	(57,992)	(137,079)
(Note 41)									
Balance at September 30, 2025	1,847,462	9,984,804	(103,008)	(14,411)	5,823,773	7,304,211	24,842,831	7,574,145	32,416,976

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended December 31,			Nine months ended September 30,	
		2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(Unaudited)	
Cash flows from operating activities						
Cash generated from operations	42(a)	339,082	2,578,628	2,819,483	2,364,038	2,109,621
Interest received		170,367	444,019	389,368	283,270	224,466
Income tax paid		(70,168)	(292,930)	(216,422)	(164,040)	(234,766)
Net cash generated from operating activities		439,281	2,729,717	2,992,429	2,483,268	2,099,321
Cash flows from investing activities						
Withdrawal of term deposits and wealth management products		960,000	3,197,229	3,161,824	2,616,319	2,259,510
Proceeds from investment income		22,074	16,724	32,433	28,344	8,747
Proceeds from settlement of derivative financial instruments		–	5,701	44,268	37,925	311,998
Proceeds from disposal of property, plant and equipment, intangible assets and other non-current assets		32,763	117,048	20,830	8,529	9,535
Proceeds from disposal of equity instruments at fair value through profit or loss		220,574	58,125	42,908	32,010	125,386
Proceeds from disposal of associates		4,241	197,000	–	–	–
Net cash inflow from the acquisition of subsidiaries		–	24,862	75	75	–
Government grants received in relation to assets		201,896	888,481	297,928	133,732	326,127
Purchases of equity instruments at fair value through profit or loss		(474,386)	(388,411)	(51,386)	(45,904)	(215,562)
Purchases of equity instruments at fair value through other comprehensive income		(91,897)	–	–	–	–
Placement of term deposits and wealth management products		(1,070,000)	(3,603,885)	(2,847,027)	(2,613,640)	(2,666,809)
Payments for settlement of derivative financial instruments		–	(26,957)	–	–	(261,438)
Payments for purchase of property, plant and equipment, intangible assets and other non-current assets		(9,093,619)	(5,896,083)	(6,193,098)	(4,615,986)	(5,679,707)
Payments for purchase of investments in associates and joint ventures		(344,500)	(511,000)	(94,058)	(64,218)	(26,112)
Net cash outflow from the acquisition of subsidiaries		–	(21,476)	–	–	(255)
Movements of restricted cash		(7,528)	40	(178,969)	(129,307)	(196,867)
Others		(546)	(26,006)	–	–	(1,968)
Net cash used in investing activities		(9,640,928)	(5,968,608)	(5,764,272)	(4,612,121)	(6,007,415)

APPENDIX I

ACCOUNTANTS’ REPORT

		Year ended December 31,			Nine months ended September 30,	
	Notes	2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(Unaudited)	
Cash flows from financing activities						
Capital contributions from non-controlling interests		8,387,640	2,358,726	60,224	55,085	42,578
Proceeds from issue of shares		3,117,931	–	–	–	–
Proceeds from share schemes		–	–	18,963	–	78,702
Proceeds from borrowings		12,720,883	16,411,723	17,231,793	12,901,558	21,536,400
Proceeds from issue of convertible bonds		1,040,000	50,000	–	–	–
Proceeds from loans from non-controlling interests of subsidiaries . .		1,114,200	200,494	85,598	85,598	125,000
Repayment of convertible bonds		–	(110,673)	–	–	–
Dividends paid to non-controlling interests		–	(31,629)	(44,100)	–	(15,517)
Dividends paid to the Company's shareholders		(119,506)	(148,994)	(221,714)	(221,714)	(274,681)
Payments for [REDACTED] expenses .		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Payments for repurchase of shares . . .		–	(60,175)	(448,566)	(339,967)	–
Principal elements of lease payments . .		(149,949)	(635,663)	(404,410)	(128,504)	(179,397)
Repayments of borrowings		(8,450,764)	(11,611,013)	(15,273,262)	(11,964,232)	(14,575,309)
Repayments of loans from non-controlling interests of subsidiaries . .		–	(246,923)	(245,831)	(69,199)	(7,000)
Transaction with non-controlling interests		–	1,495,750	(534,638)	(534,638)	(40,000)
Interest paid to loans from non-controlling interests of subsidiaries . .		–	–	(39,234)	–	(9,456)
Other interests paid		(708,790)	(752,092)	(654,955)	(503,488)	(498,846)
Guarantee fees for paid corporate bonds		(13,408)	–	(3,200)	(3,200)	–
Movements of restricted cash		(1,976,132)	(1,148,583)	(930,308)	(537,710)	(561,824)
Others		(4,052)	–	(35,415)	(24,468)	(6,564)
Net cash generated from/(used in) financing activities		14,880,791	5,770,948	(1,439,055)	(1,284,879)	5,589,464
Net increase/(decrease) in cash and cash equivalents		5,679,144	2,532,057	(4,210,898)	(3,413,732)	1,681,370
Cash and cash equivalents at beginning of the year/period		5,441,712	11,097,753	13,668,744	13,668,744	9,465,822
Effects of exchange rate changes on cash and cash equivalents		(23,103)	38,934	7,976	10,694	(1,240)
Cash and cash equivalents at the end of the year/period	27	11,097,753	13,668,744	9,465,822	10,265,706	11,145,952

APPENDIX I

ACCOUNTANTS’ REPORT

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

Sunwoda Electronic Co., Ltd. (欣旺達電子股份有限公司) (hereinafter referred to as “the Company”), formerly known as Shenzhen Sunwoda Electronic Ltd. (深圳市欣旺達電子有限公司), is a joint stock company with limited liability incorporated in the People’s Republic of China (the “PRC”) on October 15, 2008. The Company was listed on the Shenzhen Stock Exchange ChiNext (stock code: 300207) in April 2011. The registered office of the Company is located at Comprehensive Building 1st Floor, Sections A-B 2nd Floor, 9th Floor, No. 2 Longyao Road, Shilong Community, Shiyan Street, Bao’an District, Shenzhen, Guangdong, PRC. The ultimate controlling shareholders are Mr. Wang Mingwang and Mr. Wang Wei (“the ultimate controlling shareholders”).

The Company and its subsidiaries (hereinafter collectively referred to as “the Group”) are primarily engaged in the research and development (“R&D”), design, manufacturing and sales of lithium-ion batteries, aiming to provide high-performance and customized battery solutions for diverse use cases.

The Company’s principal subsidiaries during the Track Record Period are set out in Note 16.

The Historical Financial Information are presented in Renminbi (“RMB”), which is also the functional currency of the Company, and all values are rounded to the nearest thousands (RMB’000) except when otherwise indicated.

The statutory consolidated financial statements of the Company for the years ended December 31, 2022 and 2023 prepared in accordance with the relevant accounting principles in the PRC were audited by ShineWing Certified Public Accountants LLP (信永中和會計師事務所(特殊普通合伙)). The statutory consolidated financial statements of the Company for the year ended December 2024 prepared in accordance with the relevant accounting principles in the PRC was audited by Pan-China Certified Public Accountants LLP (天健會計師事務所(特殊普通合伙)). Both the auditors were the certified public accountants registered in the PRC.

2. BASIS OF PREPARATION

The Historical Financial Information of the Group have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRS Accounting Standards”) issued by the International Accounting Standards Board (“IASB”). The Historical Financial Information has been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities measured at fair value through profit or loss (“FVPL”) and financial assets measured at fair value through other comprehensive income (“FVOCI”).

The preparation of the Historical Financial Information in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4 below.

New standards, amendments and interpretations to the existing standards that are effective during the Track Record Period have been adopted by the Group consistently throughout the years presented, unless prohibited by the relevant standard to apply retrospectively.

Other than those material accounting policies information as disclosed elsewhere in this Historical Financial Information, a summary of the other accounting policies information has been set out in Note 48 to this Historical Financial Information.

APPENDIX I

ACCOUNTANTS’ REPORT

2.1 New Standards and Amendments to Standards Not Yet Adopted

Standards and amendments to standards that have been issued but not yet effective and not been early adopted by the Group during the Track Record Period are as follows:

Standards and amendments	Effective for accounting periods beginning on or after
Amendments to IFRS 10 and IAS 28 ‘Sale or Contribution of Assets between an Investor and its Associate or Joint Venture’	To be determined
Amendments to IFRS 9 and IFRS 7 ‘Amendments to the Classification and Measurement of Financial Instruments’	January 1, 2026
Amendments to IFRS 9 and IFRS 7 ‘Contracts Referencing Nature-dependent Electricity’	January 1, 2026
Annual Improvements – Volume 11 IFRS accounting standards	January 1, 2026
IFRS 18 ‘Presentation and Disclosure in Financial Statements’	January 1, 2027
IFRS 19 ‘Subsidiaries without Public Accountability: Disclosures’	January 1, 2027

Except for the impact of IFRS 18 mentioned below, other new/amended standards are either not relevant to the Group or not expected to have a material impact on the Group’s consolidated financial statements when they become effective.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 “Presentation and Disclosure in Financial Statements”, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 “Presentation of Financial Statements”. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” and IFRS 7 “Financial Instruments: Disclosures”. Minor amendments to IAS 7 “Statement of Cash Flows” and IAS 33 “Earnings per Share” are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after January 1, 2027, with early application permitted. The application of IFRS 18 is not expected to have significant impact on the Group’s financial position and performance, but may affect the presentation of the statement of profit or loss and disclosures in the future financial statements.

3. FINANCIAL RISK MANAGEMENT

The Group’s activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk, equity price risk and commodity price risks), credit risk, and liquidity risk. The Group’s overall risk management seeks a balance between risk and return, minimizes the adverse impact of risk on the Group’s finance performance and maximize the interests of shareholders and other equity investors. Based on this risk management objective, the basic strategy of the Group’s risk management is to identify and analyze the various risks faced by the Group, establish appropriate risk tolerance thresholds and timely and reliably supervise various risks to control them within a limited range.

3.1 Market Risk

(a) Foreign Exchange Risk

Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the respective functional currency of the Company and its subsidiaries. The Group manages its foreign exchange risk by performing regular reviews of the Group’s net foreign exchange exposures and tries to minimize these exposures through buying and selling foreign currencies at market rate, wherever possible.

APPENDIX I

ACCOUNTANTS’ REPORT

As at December 31, 2022, 2023 and 2024, and September 30, 2025, the Group’s major financial assets/liabilities exposed to foreign exchange risk, representing those financial assets/liabilities denominated in United States dollar (“USD”), Australian dollar (“AUD”) and Euro (“EUR”) and included in a group entity with different functional currency:

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets denominated in:				
USD	7,302,372	6,097,038	7,242,868	6,107,699
AUD	—	—	605,346	636,090
EUR	11,142	33,933	18,880	30,073

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities denominated in:				
USD	2,026,500	2,212,459	2,322,060	2,450,469
EUR	2,402	—	601,134	639,976

As shown in the table above, the Group is primarily exposed to changes in USD, AUD and EUR exchange rates. The sensitivity of profit or loss before income tax to changes in the exchange rates arises from USD, AUD and EUR denominated financial instruments is as below:

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
USD exchange rate -					
Increase 5%	263,794	194,229	246,040	244,078	182,862
Decrease 5%	(263,794)	(194,229)	(246,040)	(244,078)	(182,862)
AUD exchange rate -					
Increase 5%	—	—	30,267	17,913	31,804
Decrease 5%	—	—	(30,267)	(17,913)	(31,804)
EUR exchange rate -					
Increase 5%	437	1,697	(29,113)	(31,009)	(30,495)
Decrease 5%	(437)	(1,697)	29,113	31,009	30,495

(b) Interest Rate Risk

The Group’s interest rate risk primarily arises from interest-bearing borrowings. Borrowings issued at floating rates expose the Group to cash flow interest rate risk and borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group determines the proportion of borrowings issued at floating rates and fixed rates based on the market environment and maintains an appropriate combination of financial instruments through regular review and monitoring.

As at December 31, 2022, 2023 and 2024, and September 30, 2025, total borrowings of the Group which were bearing at floating rates amounted to approximately RMB3,706,301,000, RMB7,237,666,000, RMB7,940,420,000 and RMB11,702,221,000 respectively.

If interest rate had been 50 basis points higher or lower with all other variables held constant, the profit before tax would decrease/increase approximately RMB18,532,000, RMB36,188,000 RMB39,702,000 and RMB58,511,000 for the years ended December 31, 2022, 2023 and 2024, and the nine months ended September 30, 2025, respectively.

Considering the repricing or maturity date, the fair value interest rate risk arises from borrowings and bank balances carried at fixed rates is not significant for the Group.

APPENDIX I

ACCOUNTANTS’ REPORT

(c) Equity Price Risk

The Group is mainly exposed to equity price risk arising from investments held by the Group that are classified either as FVPL (Note 15) or FVOCI (Note 15). To manage its price risk arising from the investments, the Group diversifies its investment portfolio. The investments are mainly made for strategic purposes. Each investment is managed by the management on a case-by-case basis.

Sensitivity analysis is performed by the management to assess the exposure of the Group’s financial results to equity price risk of FVPL and FVOCI at the end of each Track Record Period. If prices of the respective instruments held by the Group had been 5%, 5% and 5% higher/lower as at December 31, 2022, 2023 and 2024, and September 30, 2025, for the years ended December 31, 2022, 2023, and 2024, and the nine months ended September 30, 2025, (i) profit before tax would have been approximately RMB3,206,000, RMB95,021,000, RMB67,692,000 and RMB97,535,000, higher/lower as a result of gains/losses on financial instruments classified as at FVPL; (ii) other comprehensive income before tax would have been approximately RMB19,379,000, RMB32,645,000, RMB37,370,000 and RMB30,004,000, higher/lower as a result of gains/losses on financial instruments classified as at FVOCI.

(d) Commodity Price Risk

The price of raw materials has a great impact on the cost of sales. The raw materials primarily consist of cathode materials, anode materials, electrolyte, separators, battery cells, BMS, PCBs, plastic materials, precision structural parts and electronic components. In particular, the prices of cathode materials, anode materials, and electrolyte are significantly affected by the price of metals or commodities such as lithium, nickel, and cobalt. The supply and prices of these materials may fluctuate depending on a number of factors beyond the control of the Company, including but not limited to the availability of upstream mining resources, market supply and demand, potential speculation, market disruptions, cost of shipping and transportations, natural disasters, the condition of PRC and global economy and other factors. To mitigate the risks associated with fluctuations in raw material prices, the Company have utilized hedging tools in the futures market to manage the overall cost of key raw materials.

3.2 Credit Risk

Credit risk arises from cash and cash equivalents, restricted cash and term deposits, as well as trade and notes receivables, other receivables and contract assets. The carrying amount of each class of the above financial assets represents the Group’s maximum exposure to credit risk in relation to the corresponding class of financial assets.

(a) Risk Management

To manage this risk, cash and cash equivalents as well as restricted cash and term deposits are mainly placed with reputable financial institutions which are all high-credit-rating financial institutions.

To manage risk from trade and notes receivables as well as other receivables and contract assets, the Group has policies in place to ensure that credit terms are made to counterparties with an appropriate credit history and the management performs ongoing credit evaluations of the counterparties. It also has continuous monitoring procedures to ensure the collection of the receivables as scheduled and follow up action is taken to recover overdue debts, if any.

(b) Impairment of Financial Assets

The Group has five types of financial assets that are subject to the expected credit loss model:

- Cash and cash equivalents, restricted cash and term deposits;
- Trade receivables;
- Notes receivables at amortized cost and at FVOCI;
- Other receivables; and
- Contract assets.

APPENDIX I

ACCOUNTANTS’ REPORT

Credit risk of cash and cash equivalents and restricted cash and term deposits

Cash and cash equivalents and restricted cash and term deposits are mainly placed with high-credit-rating financial institutions. There has been no recent history of default in relation to these financial institutions. The expected credit loss was immaterial as at December 31, 2022, 2023 and 2024, and September 30, 2025.

Credit risk of trade and notes receivables and contract assets

(i) Trade receivables and contract assets

The Group applies the IFRS 9 simplified approach to measure expected credit loss (“ECL”) which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure ECL, trade receivables and contract assets have been grouped based on shared credit risk characteristics and aging. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The Group also made individual assessment on the recoverability of its trade receivables and contract assets for certain customers based on historical settlement records.

The historical loss rates are calculated based on the historical payment profiles of customers and the corresponding historical incurred credit losses. The historical loss rates are adjusted to reflect the forward-looking information on macroeconomic factors as well as the credit rating analysis of respective customers and other external data which have impacts to the ability of the customers to settle the receivables. The Group has identified the Gross Domestic Product (“GDP”) of the countries in which it sells its goods to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the failure of a debtor to engage in a repayment plan with the Group and other indicators of severe financial difficulties.

Trade Receivables

On that basis, the loss allowance as at December 31, 2022, 2023 and 2024, and September 30, 2025 were determined as follows for trade receivables:

As at December 31, 2022, the loss allowance of individually impaired trade receivables is determined as follows:

Assess individually:

	Gross carrying amount	ECL rate	Loss allowance	Reason
	RMB'000		RMB'000	
Trade receivables	25,890	100%	25,890	Financial difficulty
	=====	=====	=====	

APPENDIX I

ACCOUNTANTS’ REPORT

As at December 31, 2023, the loss allowance of individually impaired trade receivables is determined as follows:

Assess individually:

	Gross carrying amount	ECL rate	Loss allowance	Reason
	RMB'000		RMB'000	
Trade receivables	12,541	100%	12,541	Financial difficulty

As at December 31, 2024, the loss allowance of individually impaired trade receivables is determined as follows:

Assess individually:

	Gross carrying amount	ECL rate	Loss allowance	Reason
	RMB'000		RMB'000	
Trade receivables	21,025	100%	21,025	Financial difficulty

As at September 30, 2025, the loss allowance of individually impaired trade receivables is determined as follows:

Assess individually:

	Gross carrying amount	ECL rate	Loss allowance	Reason
	RMB'000		RMB'000	
Trade receivables	20,148	100%	20,148	Financial difficulty

As at December 31, 2022, 2023 and 2024, and September 30, 2025, the loss allowance of grouped impaired trade receivables are determined as follows:

Assessed based on grouping:

	Year ended December 31, 2022			Year ended December 31, 2023			Year ended December 31, 2024			Nine months ended September 30, 2025		
	Expected loss rate	Gross carrying amount	Loss allowance	Expected loss rate	Gross carrying amount	Loss allowance	Expected loss rate	Gross carrying amount	Loss allowance	Expected loss rate	Gross carrying amount	Loss allowance
	%	RMB'000	RMB'000	%	RMB'000	RMB'000	%	RMB'000	RMB'000	%	RMB'000	RMB'000
Consumer battery portfolio	0.06	7,529,257	4,210	0.01	6,582,560	906	0.08	8,373,600	6,612	0.06	8,463,125	4,864
EV battery portfolio	1.14	3,516,612	40,005	1.25	3,201,481	39,943	1.78	5,197,019	92,764	2.35	5,939,441	139,352
ESS portfolio	8.84	212,892	18,825	4.23	465,708	19,688	2.47	890,829	21,962	3.92	903,505	35,383
Other portfolio	0.35	1,256,256	4,372	0.44	1,764,367	7,795	0.83	1,753,482	14,497	0.58	1,951,333	11,279
Total		12,515,017	67,412		12,014,116	68,332		16,214,930	135,835		17,257,404	190,878

APPENDIX I

ACCOUNTANTS’ REPORT

The management of the Group determined the ECL rates for portfolio of trade receivables with reference to past-due status of such balances by estimating their default rates taking into account the historical information and forward-looking information.

As at the end of each Track Record Period, the Group assessed the historical observed default rates and the forward-looking estimates, respectively. The management of the Group reviewed the portfolio of customers contributing the trade receivables balances for the respective past-due time band throughout the Track Record Period and noted that the majority of the balances of the respective past-due time band were due from similar portfolio of customers. Furthermore, The Group assessed these customers’ financial condition, past settlement history, business relationship with the Group and other factors such as current market conditions and industry information, and considered that the credit risk for the same portfolio of customers remains approximately the same throughout the Track Record Period. Accordingly, the same ECL rates were adopted for the same past-due time band throughout the Track Record Period.

The loss allowances for trade receivables for the years ended December 31, 2022, 2023 and 2024, and the nine months ended September 30, 2024 and 2025 reconcile to the opening loss allowances are as follows:

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000 (Unaudited)	RMB’000
Opening loss allowance	254,517	93,302	80,873	80,873	156,860
Loss allowance recognized, net	56,909	2,883	76,073	26,481	52,486
Loss allowance written off (i)	(218,124)	(15,312)	(85)	(75)	1,515
Currency translation differences	—	—	(1)	189	165
Closing loss allowance	93,302	80,873	156,860	107,468	211,026

- (i) In 2022, the Group written off receivables from customers who had filed for bankruptcy or were in financial difficulties, upon obtaining board approval.

Contract assets

For contract assets, the Group measures the loss provision based on the lifetime ECL regardless of whether there exists a significant financing component. Set out below is the information about credit risk exposure on the Group’s contract assets:

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Assessed based on grouping:				
Expected loss rate	3.83%	6.64%	8.52%	14.53%
Gross carrying amount	41,445	34,628	63,463	42,952
Loss allowance	1,588	2,300	5,410	6,240
Net carrying amount	39,857	32,328	58,053	36,712

As at January 1, 2022, the Group has no contract asset.

- (ii) Notes Receivables at Amortized Cost and Notes Receivables at FVOCI

The Group measured provisions for impairment of notes receivables based on the lifetime ECL and assessed that there was no significant credit risk associated with its bank acceptance notes issued by large-sized banks as the Group did not expect that there would be any significant losses from non-performance by these reputable banks. For the commercial acceptance notes and bank acceptance notes issued by small and medium-sized banks, which are usually settled within 6 months to 1 year from the respective issuance date, the Group provided nil, nil, RMB366,000 and RMB(84,000), as at December 31, 2022, 2023 and 2024, and September 30, 2025 respectively.

APPENDIX I

ACCOUNTANTS’ REPORT

Movements on the provision of ECL for notes receivables at amortized cost and notes receivables at FVOCI are as follows:

	Year ended December 31,			Nine months September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Opening loss allowance	—	—	—	—	366
Loss allowance recognized/(reversed), net . .	—	—	366	—	(84)
Closing loss allowance	—	—	366	—	282

(iii) Other Receivables

Other receivables at the end of each of the periods are mainly comprised of deposits, export tax refund and others. The Group considers the probability of default upon initial recognition of the assets and whether there has been significant increase in credit risk on an ongoing basis throughout Track Record Period. To assess whether there is a significant increase in credit risk, the Group compares risk of a default occurring on the assets as of the reporting date with the risk of default as of the date of initial recognition. Especially the following indicators are incorporated:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant impact on the debtor’s ability to meet its obligations;
- external credit rating of the counterparty;
- actual or expected significant adverse changes in the operating results of the debtor; and
- significant changes in the expected performance and behavior of the debtor, including changes in the payment status of debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 365 days past due in making a contractual payment.

If the credit risk of the asset is in line with original expectations, the Group categorizes the asset as performing and recognizes 12-month expected credit losses (Stage 1). If a significant credit risk of the asset has occurred compared to original expectations or the credit is impaired, the asset is categorized as underperforming or non-performing and lifetime expected credit losses are recognized (Stages 2 and 3):

Set out below is the information about credit risk exposure on the Group’s other receivables:

	Stage 1	Stage 2	Stage 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
December 31, 2022				
Expected loss rate	3.83%	—	100.00%	
Gross carrying amount	662,071	—	112,893	774,964
Loss allowance.	25,342	—	112,893	138,235
December 31, 2023				
Expected loss rate	5.97%	—	100.00%	
Gross carrying amount	561,340	—	112,893	674,233
Loss allowance.	33,524	—	112,893	146,417
December 31, 2024				
Expected loss rate	4.60%	—	100.00%	
Gross carrying amount	912,508	—	116,783	1,029,291
Loss allowance.	41,931	—	116,783	158,714
September 30, 2025				
Expected loss rate	6.14%	—	100.00%	—
Gross carrying amount	573,477	—	118,362	691,839
Loss allowance.	35,210	—	118,362	153,572

APPENDIX I

ACCOUNTANTS’ REPORT

The loss allowances for other receivables for the years ended December 31, 2022, 2023 and 2024, and the nine months ended September 30, 2024 and 2025 reconcile to the opening loss allowances are as follows:

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(Unaudited)</i>	
Opening loss allowance	51,310	138,235	146,417	146,417	158,714
Loss allowance					
recognized/(reversed), net . .	87,905	9,341	14,055	5,717	(4,028)
Loss allowance written off . . .	(980)	(1,159)	(1,756)	(1,766)	(1,572)
Currency translation					
differences	—	—	(2)	4	458
Closing loss allowance	138,235	146,417	158,714	150,372	153,572

3.3 Liquidity Risk

The Group intends to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying business, the policy of the Group is to regularly monitor the Group’s liquidity risk and to maintain adequate liquid assets such as cash and cash equivalents and term deposits or to retain adequate financing arrangements to meet the Group’s liquidity requirements.

The tables below analyze the Group’s financial liabilities that will be settled into relevant maturity groupings based on the remaining period at the end of each Track Record Period to their contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances for the corresponding period equal their carrying amounts as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total	Total carrying amount
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at December 31, 2022						
Trade and notes payables	23,172,672	—	—	—	23,172,672	23,172,672
Accruals and other						
payables (excluding						
non-financial liabilities)	1,388,545	170,883	1,957,661	151,469	3,668,558	3,380,245
Lease liabilities	180,972	165,707	308,339	2,129,216	2,784,234	1,828,423
Financial liabilities at fair						
value through profit or						
loss	—	—	4,583	—	4,583	4,583
Borrowings	11,601,573	1,408,162	2,709,278	540,201	16,259,214	15,324,043
Convertible bonds (i)	1,060,800	—	—	—	1,060,800	1,144,000
	37,404,562	1,744,752	4,979,861	2,820,886	46,950,061	44,853,966

(i) The amount for liquidity risk is measured at principals and interests of convertible bonds, while the carrying amount is measured at fair values.

APPENDIX I

ACCOUNTANTS’ REPORT

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total	Total carrying amount
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at December 31, 2023						
Trade and notes payables .	19,119,220	–	–	–	19,119,220	19,119,220
Accruals and other payables (excluding non-financial liabilities) .	519,662	108,529	584,256	2,133,797	3,346,244	2,547,811
Lease liabilities	356,860	250,358	644,335	2,549,514	3,801,067	2,762,842
Borrowings	10,863,111	2,893,035	2,629,231	2,022,642	18,408,019	17,592,697
Financial liabilities at fair value through profit or loss	3,000	–	19,807	–	22,807	22,807
	30,861,853	3,251,922	3,877,629	6,705,953	44,697,357	42,045,377
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total	Total carrying amount
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at December 31, 2024						
Trade and notes payables .	24,984,037	–	–	–	24,984,037	24,984,037
Accruals and other payables (excluding non-financial liabilities) .	401,096	6,596	709,536	1,637,211	2,754,439	2,407,119
Lease liabilities	358,647	352,229	681,348	2,466,927	3,859,151	2,867,328
Borrowings	12,526,359	2,690,526	3,052,001	2,166,205	20,435,091	19,273,473
Financial liabilities at fair value through profit or loss	7,000	–	84,136	–	91,136	91,136
Derivative financial liabilities	349,636	–	–	–	349,636	349,636
	38,626,775	3,049,351	4,527,021	6,270,343	52,473,490	49,972,729
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total	Total carrying amount
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at September 30, 2025						
Trade and notes payables .	28,451,856	–	–	–	28,451,856	28,451,856
Accruals and other payables (excluding non-financial liabilities) .	441,488	1,447	1,633,162	1,026,021	3,102,118	2,709,630
Lease liabilities	362,640	322,960	1,175,322	2,031,345	3,892,267	2,966,598
Borrowings	17,160,698	4,201,148	4,281,687	2,156,172	27,799,705	26,728,286
Financial liabilities at fair value through profit or loss	3,000	–	–	583,137	586,137	232,768
Derivative financial liabilities	373,018	–	–	–	373,018	373,018
	46,792,700	4,525,555	7,090,171	5,796,675	64,205,101	61,462,156

The interest rate of borrowings and lease liabilities are disclosed in Note 28 and Note 18, respectively.

APPENDIX I

ACCOUNTANTS’ REPORT

3.4 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 maximize shareholders’ value.

The Group manages its capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may issue new shares, sell assets to reduce debt or raise additional funding from shareholders or financial institutions as and when necessary. 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 years ended December 31, 2022, 2023 and 2024, and the nine months ended September 30, 2025.

The Group monitors capital on the basis of the debt to asset ratio as at December 31, 2022, 2023 and 2024, and September 30, 2025 are as follows:

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Total assets	74,499,180	79,261,259	87,498,343	100,442,007
Total liabilities	48,183,793	46,816,637	55,571,492	68,025,031
Debt to asset ratio	64.68%	59.07%	63.51%	67.73%

3.5 Fair Value Estimation

(a) Determination of Fair Value and the Fair Value Hierarchy of Financial Instruments

This note provides information on how the Group determines the fair values of various financial assets and liabilities.

For financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The Group

	Level 1	Level 2	Level 3	Total
	RMB’000	RMB’000	RMB’000	RMB’000
As at December 31, 2022				
Financial assets at fair value through other comprehensive income				
– Notes receivables at FVOCI (<i>Note 15</i>)	–	–	295,691	295,691
– Equity instruments at FVOCI (<i>Note 15</i>)	–	–	91,897	91,897
	–	–	387,588	387,588

APPENDIX I

ACCOUNTANTS’ REPORT

	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at fair value through profit or loss				
– Wealth management products	–	110,000	–	110,000
– Other financial asset at FVPL				
– Equity instruments at FVPL	–	–	939,575	939,575
– Listed equity shares	76,103	–	–	76,103
– Funds	–	87,034	–	87,034
	76,103	197,034	939,575	1,212,712
Financial liabilities at fair value through profit or loss				
– Convertible bonds	–	–	1,144,000	1,144,000
– Financial liabilities at FVPL				
– Redemption liabilities	–	–	4,583	4,583
	–	–	1,148,583	1,148,583

	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000

As at December 31, 2023

Financial assets at fair value through other comprehensive income				
– Notes receivables at FVOCI (Note 15)	–	–	561,006	561,006
– Equity instruments at FVOCI (Note 15)	–	–	91,897	91,897
	–	–	652,903	652,903
Financial assets at fair value through profit or loss				
– Wealth management products	–	404,420	–	404,420
– Derivative financial instruments	–	961	–	961
– Other financial assets at FVPL				
– Listed equity shares	96,267	–	–	96,267
– Funds	–	207,904	–	207,904
– Equity instruments at FVPL	–	–	1,213,677	1,213,677
	96,267	613,285	1,213,677	1,923,229
Financial liabilities at fair value through profit or loss				
– Financial liabilities at FVPL				
– Contingent consideration	–	–	3,000	3,000
– Redemption liabilities	–	–	19,807	19,807
	–	–	22,807	22,807

	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000

As at December 31, 2024

Financial assets at fair value through other comprehensive income				
– Notes receivables at FVOCI (Note 15)	–	–	658,422	658,422
– Equity instruments at FVOCI (Note 15)	–	–	88,978	88,978
	–	–	747,400	747,400

APPENDIX I

ACCOUNTANTS’ REPORT

	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at fair value through profit or loss				
– Wealth management products	–	151,375	–	151,375
– Derivative financial instruments	–	207,590	–	207,590
– Other financial assets at FVPL				
– Equity instruments at FVPL	–	–	1,114,724	1,114,724
– Listed equity shares	116,132	–	–	116,132
– Funds	–	204,790	–	204,790
	116,132	563,755	1,114,724	1,794,611
Financial liabilities at fair value through profit or loss				
– Derivative financial liabilities	–	349,636	–	349,636
– Financial liabilities at FVPL				
– Contingent consideration	–	–	7,000	7,000
– Redemption liabilities	–	–	84,136	84,136
	–	349,636	91,136	440,772
	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at September 30, 2025				
Financial assets at fair value through other comprehensive income				
– Notes receivables at FVOCI (Note 15)	–	–	511,101	511,101
– Equity instruments at FVOCI (Note 15)	–	–	88,978	88,978
	–	–	600,079	600,079
Financial assets at fair value through profit or loss				
– Wealth management products	–	344,676	–	344,676
– Derivative financial instruments	–	470,265	–	470,265
– Other financial assets at FVPL				
– Equity instruments at FVPL	–	–	1,206,355	1,206,355
– Listed equity shares	303,735	–	–	303,735
– Funds	–	231,461	–	231,461
	303,735	1,046,402	1,206,355	2,556,492
Financial liabilities at fair value through profit or loss				
– Derivative financial liabilities	–	373,018	–	373,018
– Financial liabilities at FVPL				
– Contingent consideration	–	–	3,000	3,000
– Redemption liabilities	–	–	229,768	229,768
	–	373,018	232,768	605,786

APPENDIX I

ACCOUNTANTS’ REPORT

The Company

	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at December 31, 2022				
Financial assets at fair value through other comprehensive income				
– Notes receivables at FVOCI (<i>Note 15</i>)	–	–	45,953	45,953
– Equity instruments at FVOCI (<i>Note 15</i>)	–	–	91,897	91,897
	–	–	137,850	137,850

Financial assets at fair value through profit or loss				
– Other financial assets at FVPL				
– Equity instruments at FVPL	–	–	87,034	87,034
– Listed equity shares	18,349	–	–	18,349
	18,349	–	87,034	105,383

	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000

As at December 31, 2023

Financial assets at fair value through other comprehensive income				
– Notes receivables at FVOCI (<i>Note 15</i>)	–	–	142,655	142,655
– Equity instruments at FVOCI (<i>Note 15</i>)	–	–	91,897	91,897
	–	–	234,552	234,552

Financial assets at fair value through profit or loss				
– Derivative financial instruments	–	961	–	961
– Other financial assets at FVPL				
– Listed equity shares	6,210	–	–	6,210
– Funds	–	119,042	–	119,042
	6,210	120,003	–	126,213

	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000

As at December 31, 2024

Financial assets at fair value through other comprehensive income				
– Notes receivables at FVOCI (<i>Note 15</i>)	–	–	64,539	64,539
– Equity instruments at FVOCI (<i>Note 15</i>)	–	–	88,978	88,978
	–	–	153,517	153,517

Financial assets at fair value through profit or loss				
– Derivative financial instruments	–	175,616	–	175,616
– Other financial assets at FVPL				
– Listed equity shares	6,210	–	–	6,210
– Funds	–	121,435	–	121,435
	6,210	297,051	–	303,261

APPENDIX I

ACCOUNTANTS’ REPORT

	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at September 30, 2025				
Financial assets at fair value through other comprehensive income				
– Notes receivables at FVOCI (<i>Note 15</i>)	–	–	97,078	97,078
– Equity instruments at FVOCI (<i>Note 15</i>)	–	–	88,978	88,978
	–	–	186,056	186,056
Financial assets at fair value through profit or loss				
– Derivative financial instruments	–	145,914	–	145,914
– Other financial assets at FVPL	–	–	–	–
– Listed equity shares	6,020	–	–	6,020
– Funds	–	148,882	–	148,882
	6,020	294,796	–	300,816
Financial liabilities at fair value through profit or loss				
– Derivative financial liabilities	–	125,321	–	125,321
	–	125,321	–	125,321

- (i) The market prices of the above listed equity shares measured at Level 1 fair value are determined based on the quoted closing price in active markets.
- (ii) The fair values of funds, wealth management products and derivative financial instruments are based on quoted market prices or recent transaction prices provided by respective financial institutions, where appropriate.

The timing of transfers is determined at the date of the event or change in circumstances that caused the transfers. During the Track Record Period, there was no transfer between Level 1 and Level 2.

(b) The Group’s Valuation Process

For the financial assets and financial liabilities, classified as level 3 fair values, the Group’s finance department assisted by the independent valuer to perform the valuations for financial reporting purpose. The finance department reports the valuation results to the management.

(c) The reconciliation of Level 3 assets are analyzed below:

	Financial assets at FVOCI and FVPL			
	Notes receivables at FVOCI	Equity instruments at FVOCI	Equity instruments at FVPL	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2022	214,372	–	371,761	586,133
Increases	3,530,156	91,897	381,167	4,003,220
Decreases	(3,448,837)	–	(4,129)	(3,452,966)
Changes in fair value through profit or loss	–	–	190,776	190,776
At December 31, 2022	295,691	91,897	939,575	1,327,163

APPENDIX I

ACCOUNTANTS’ REPORT

Financial assets at FVOCI and FVPL				
	Notes receivables at FVOCI	Equity instruments at FVOCI	Equity instruments at FVPL	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2023	295,691	91,897	939,575	1,327,163
Increases	3,191,183	–	230,916	3,422,099
Decreases	(2,924,878)	–	(32,902)	(2,957,780)
Changes in fair value through other comprehensive income.	(990)	–	–	(990)
Changes in fair value through profit or loss	–	–	76,088	76,088
At December 31, 2023	561,006	91,897	1,213,677	1,866,580

Financial assets at FVOCI and FVPL				
	Notes receivables at FVOCI	Equity instruments at FVOCI	Equity instruments at FVPL	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2024	561,006	91,897	1,213,677	1,866,580
Increases	5,375,999	–	51,386	5,427,385
Decreases	(5,277,779)	–	(65,313)	(5,343,092)
Changes in fair value through other comprehensive income.	(804)	(2,919)	–	(3,723)
Changes in fair value through profit or loss	–	–	(85,026)	(85,026)
Currency translation differences.	–	–	–	–
At December 31, 2024	658,422	88,978	1,114,724	1,862,124

Financial assets at FVOCI and FVPL				
	Notes receivables at FVOCI	Equity instruments at FVOCI	Equity instruments at FVPL	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2025	658,422	88,978	1,114,724	1,862,124
Increases	4,622,520	–	132,452	4,754,972
Decreases	(4,771,772)	–	(29,035)	(4,800,807)
Changes in fair value through other comprehensive income.	1,931	–	–	1,931
Changes in fair value through profit or loss	–	–	(11,539)	(11,539)
Currency translation differences.	–	–	(247)	(247)
At September 30, 2025	511,101	88,978	1,206,355	1,806,434

Financial liabilities at FVPL				
	Convertible bonds	Redemption liabilities	Contingent consideration	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2022	813,282	–	–	813,282
Increases	1,040,000	4,800	–	1,044,800
Decreases	(813,282)	–	–	(813,282)
Changes in fair value through profit or loss	104,000	(217)	–	103,783
Currency translation differences.	–	–	–	–
At December 31, 2022	1,144,000	4,583	–	1,148,583

APPENDIX I

ACCOUNTANTS’ REPORT

Financial liabilities at FVPL				
	Convertible bonds	Redemption liabilities	Contingent consideration	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2023	1,144,000	4,583	–	1,148,583
Increases	–	10,000	3,000	13,000
Decreases	(1,190,000)	–	–	(1,190,000)
Changes in fair value through profit or loss	46,000	5,224	–	51,224
At December 31, 2023	–	19,807	3,000	22,807

Financial liabilities at FVPL				
	Convertible bonds	Redemption liabilities	Contingent consideration	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2024	–	19,807	3,000	22,807
Increases	–	76,378	–	76,378
Decreases	–	(9,029)	–	(9,029)
Changes in fair value through profit or loss	–	(3,020)	4,000	980
At December 31, 2024	–	84,136	7,000	91,136

Financial liabilities at FVPL				
	Convertible bonds	Redemption liabilities	Contingent consideration	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2025	–	84,136	7,000	91,136
Increases	–	137,079	–	137,079
Decreases	–	–	(4,000)	(4,000)
Changes in fair value through profit or loss	–	8,553	–	8,553
At September 30, 2025	–	229,768	3,000	232,768

- (i) The fair values of unlisted equity instruments at FVOCI and FVPL as at December 31, 2022, 2023 and 2024, and September 30, 2025 have been arrived with reference to the recent transaction prices, adjusted net assets or valuation carried out on the dates by an independent qualified professional valuer not connected to the Group, using Guideline Public Company Method under market approach.
- (ii) The fair value of bank acceptance notes receivables measured at FVOCI have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. Given that the maturities are of a short-term nature, the impact of fair value changes is immaterial.

APPENDIX I

ACCOUNTANTS’ REPORT

(d) Valuation Inputs and Relationships to Fair Value

Description	Fair value				Valuation techniques	Significant unobservable input(s)	Ranges of inputs		Significant unobservable input(s)	Ranges of inputs		Significant unobservable input(s)	Relationship of unobservable input(s) to fair values
	As at December 31,		As at September 30,										
	2022	2023	2024	2025			2022	2023		2024	2025		
	RMB '000	RMB '000	RMB '000	RMB '000									
Note receivables at FVOCI (a)	295,691	561,006	658,422	511,101	Discounted cash flow method	Discount rate	1.43%-1.55%	1.32%-1.42%	Discount rate	1.38%-1.42%		1.42%	An increase in discount rate would result in decrease in fair value, and vice versa.
Equity instruments at FVPL (b)	243,398	313,700	177,574	621,315	Guideline Public Company Method	Price-to-Earnings Ratio ("P/E")	45.14	(164.05)-388.10	Enterprise Value/ Net Operating Income After Tax ("EV/ NOIAT")	(97.23)-44.67	Price-to-Earnings Ratio ("P/E")	41.73	An increase in P/E or EV/NOIAT used would result in an increase in the fair value of the unlisted equity investment, and vice versa.
						Price-to-Book Ratio ("P/B")	0.92-4.8	(102.61)-142.63	Enterprise Value/ Earnings Before Interest and Taxes ("EV/EBIT")	(382.13)-87.63	Price-to-Book Ratio ("P/B")	2.50-6.99	An increase in P/B or EV/EBIT used would result in an increase in the fair value of the unlisted equity investment, and vice versa.
						Price-to-Sales Ratio ("P/S")	2.92-4.06	(787.14)-140.13	Enterprise Value/ Earnings Before Interest, Taxes, Depreciation and Amortisation ("EV/ EBITDA")	(171.16)-34.28	Price-to-Sales Ratio ("P/S")	2.52-16.59	An increase in P/S or EV/EBITDA used would result in an increase in the fair value of the unlisted equity investment, and vice versa.

APPENDIX I

ACCOUNTANTS’ REPORT

Description	Fair value				Valuation techniques	Significant unobservable input(s)	Ranges of inputs		Significant unobservable input(s)	Ranges of inputs		Significant unobservable input(s)	Relationship of unobservable input(s) to fair values
	As at December 31,		As at September 30,										
	2022	2023	2024	2025			2022	2023		2024	2025		
	RMB'000	RMB'000	RMB'000	RMB'000									

APPENDIX I

ACCOUNTANTS’ REPORT

Description	Fair value				Valuation techniques	Significant unobservable input(s)	Ranges of inputs		Significant unobservable input(s)	Ranges of inputs		Significant unobservable input(s)	Ranges of inputs		Relationship of unobservable input(s) to fair values	
	As at December 31,		As at September 30,				2022	2023		2024	2025		2023	2024		2025
	2022	2023	2024	2025												
	RMB'000	RMB'000	RMB'000	RMB'000												
Convertible bonds (c)	1,144,000	-	-	-	Discounted cash flow method	Revenue growth rate	5%-101%	-	-	-	-	-	-	-	An increase in revenue growth rate would result in an increase in fair value, and vice versa.	
						Operating profit margin	11.74%-21.34%	-	-	-	-	-	-	-	An increase in operating profit margin used would result in an increase in fair value, and vice versa.	
						Pre-tax discount rate	16.82%	-	-	-	-	-	-	-	An increase in pre-tax discount rate used would result in decrease in fair value, and vice versa.	
Redemption liabilities (d)	-	-	84,136	229,768	Monte Carlo simulation models	N/A	N/A	Net profit margin	N/A	6.7%	Net profit margin	8.8%	Net profit margin	8.8%	An increase in net profit margin used would result in an increase in the fair value of the redemption liability, and vice versa.	
						N/A	N/A	Discount rate	N/A	15.2%	Discount rate	15.5%	Discount rate	15.5%	An increase in discount rate would result in decrease in fair value, and vice versa.	

(i) Other than described above, there were no significant unobservable inputs that materially affect its fair values.

APPENDIX I

ACCOUNTANTS’ REPORT

Sensitivity analysis is performed to assess the exposure of the Group’s financial results at the end of each reporting period. Had the significant unobservable inputs been changed as shown below, while other inputs remain constant, the changes of profit before tax would be as follows:

- (a) As for the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, if the discount rate used had been 5% higher for note receivables at FVOCI, the profit before tax would have been approximately RMB78,000, RMB49,000, RMB98,000 and RMB2,000 lower, respectively and vice versa.
- (b) As for the year ended December 31, 2022, (i) if the P/E, P/B and P/S used had been 5% higher for equity instruments at FVPL, the profit before tax would have been approximately RMB12,171,000 higher, and vice versa; (ii) If the DLOM used had been 5% higher for equity instruments at FVPL, the profit before tax would have been approximately RMB18,078,000 lower, and vice versa.

As for year ended December 31, 2023, (i) if the EV/NOIAT used had been 5% higher for equity instruments at FVPL, the profit before tax would have been approximately RMB20,925,000 higher, and vice versa; (ii) if the EV/EBIT used had been 5% higher for equity instruments at FVPL, the profit before tax would have been approximately RMB11,360,000 higher, and vice versa; (iii) if the EV/EBITDA used had been 5% higher for equity instruments at FVPL, the profit before tax would have been approximately RMB11,710,000 higher, and vice versa; (iv) if the DLOM used had been 5% higher for equity instruments at FVPL, the profit before tax would have been approximately RMB23,063,000 lower, and vice versa.

As for year ended December 31, 2024, (i) if the EV/NOIAT used had been 5% higher for equity instruments at FVPL, the profit before tax would have been approximately RMB12,037,000 higher, and vice versa; (ii) if the EV/EBIT used had been 5% higher for equity instruments at FVPL, the profit before tax would have been approximately RMB27,134,000 higher, and vice versa; (iii) if the EV/EBITDA used had been 5% higher for equity instruments at FVPL, the profit before tax would have been approximately RMB6,181,000 higher, and vice versa; (iv) if the DLOM used had been 5% higher for equity instruments at FVPL, the profit before tax would have been approximately RMB13,057,000 lower, and vice versa.

As for the nine months ended September 30, 2025, (i) if the P/E, P/B, P/S, P/R, EV/S and EV/R used had been 5% higher for equity instruments at FVPL, the profit before tax would have been approximately RMB61,800,000 higher, and vice versa; (ii) If the DLOM used had been 5% higher for equity instruments at FVPL, the profit before tax would have been approximately RMB73,975,000 lower, and vice versa.

- (c) As for year ended December 31, 2022, (i) if the revenue growth rate used had been 5% higher for convertible bonds, the profit before tax would have been approximately RMB181,000 lower, and vice versa; (ii) if the operating profit margin used had been 5% higher for convertible bonds, the profit before tax would have been approximately RMB190,000 lower, and vice versa; (iii) if the pre-tax discount rate used had been 5% higher for convertible bonds, the profit before tax would have been approximately RMB115,000 higher, and vice versa;
- (d) As for year ended December 31, 2024, and for the nine months ended September 30, 2025, (i) if the net profit margin used had been 5% higher for redemption liabilities, the profit before tax would have been approximately RMB1,485,000 and RMB4,148,000 lower, respectively and vice versa; (ii) if the discount rate used had been 5% higher for redemption liabilities, the profit before tax would have been approximately RMB3,762,000 and RMB9,720,000 lower, respectively and vice versa.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Group continually evaluates the critical accounting estimates and key judgments applied based on historical experience and other factors, including expectations of future events that are believed to be reasonable.

The critical accounting estimates and key assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are outlined below:

APPENDIX I

ACCOUNTANTS’ REPORT

(a) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less the estimated costs of completion and costs necessary to make the sale.

The Group assesses the net realisable value of inventories as well as the amount of write-down of inventory provision at the end of each reporting period, which involves significant judgement on determination of the estimated selling prices, costs to completion and costs necessary to make the sale. Where the expectation is different from the original estimate, such difference will have an impact on the carrying value of inventories and the write-down of inventory amount in the year in which such estimates have been changed.

(b) Allowance for Expected Credit Loss of Receivables and Contract assets

Except for certain trade receivables from customers with specific credit risk that management adopts an individual impairment assessment approach, the Group uses a provision matrix to calculate ECLs for receivables and contract assets. The loss allowances for receivables and contract assets are based on assumptions about risk of default and expected loss rates to determine the expected loss. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation. The historical loss rates are adjusted to reflect the forward-looking information on macroeconomic factors as well as the credit rating analysis of respective customers and other external data which have impacts to the ability of the customers to settle the receivables.

The Group takes into account different macroeconomic scenarios in considering forward-looking information in mainland China and abroad. The Group regularly monitors and reviews the key macroeconomic assumptions and parameters related to the calculation of expected credit losses. The Group has identified the Gross Domestic Product (“GDP”) of the countries in which it sells its goods to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

(c) Impairment of Non-Financial Assets

The Group tests at least annually whether goodwill has suffered any impairment. Goodwill and other non-financial assets, mainly including property, plant and equipment, intangible assets, investments in associates and joint ventures, investments in subsidiaries, as well as right-of-use assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. The recoverable amounts have been determined based on value-in-use (“VIU”) calculations or fair value less costs of disposal (“FVLCD”). These calculations require the use of judgments and estimates.

Judgment is required to identify any impairment indicators existing for any of the Group’s non-financial assets, to determine appropriate impairment approaches, i.e., fair value less costs of disposal or value in use, for impairment review purposes, and to select key assumptions applied in the adopted valuation models. Changing the assumptions selected by management in assessing impairment could materially affect the result of the impairment test and in turn affect the Group’s financial condition and results of operations. If there is a significant adverse change in the key assumptions applied, it may be necessary to take additional impairment charge to the consolidated statements of profit or loss.

(d) Income Tax and Deferred Taxation

Estimation and judgment are required in determining the amount of the provision for income tax. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recognized, such differences will impact on the income tax and deferred taxation provisions in the period in which such determination is made.

Deferred tax assets are recognized for unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses and deductible temporary difference can be utilized. Significant estimation is required in determining the recoverability of deferred tax assets.

In the event that future tax rules and regulations or related circumstances change, adjustments to current and deferred taxation may be necessary which would impact on the Group’s results or financial position.

APPENDIX I

ACCOUNTANTS’ REPORT

(e) Fair Value Measurement of Financial Assets and Liabilities at Level 3 Fair Value Hierarchy

The fair value of financial instruments classified as level 3 is determined using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details of the valuation techniques, inputs and key assumptions used in the determination of the fair value of financial assets and liabilities at level 3 fair value hierarchy see Note 3.6.

(f) Provisions

Provision is made for estimated warranty claims in respect of lithium-ion batteries sold during the warranty periods. Management estimates the related provision for future warranty claims based on historical warranty claim information, as well as recent trends that might suggest that past cost information could differ from future claims. Factors that could impact the estimated claim information include the success of the Group’s productivity and quality initiatives, as well as cost per claim to satisfy the warranty obligation. The estimation basis is reviewed on an on-going basis and revised where appropriate.

5. OPERATING SEGMENT INFORMATION

(a) Description of Segments and Principal Activities

Operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision maker (“CODM”). The Company’s executive directors assess the financial performance and position of the Group and make strategic decisions. The executive directors, which has been identified as being the CODM, consists of the executive director, the chief financial officer and the managers for each business unit. The CODM review the Group’s internal reporting in order to assess performance, allocate resources, and determine the operating segment based on these reports.

As at December 31, 2022, 2023 and 2024, and September 30, 2025, the CODM have identified the following reportable segments from a product perspective:

- Consumer battery business unit: this part of the business primarily comprises sales of consumer electronics battery. It also recorded a portion of revenue from ESS products, smart hardware business and other products, as certain customers, who are served across multiple business segments, chose to centralize their procurement of different types of products through the consumer battery business.
- EV battery business unit: this part of the business primarily comprises manufacturing and sales of EV battery and other related products in domestic and other countries.
- ESS business unit: this part of the business primarily comprises sales of energy storage system sectors. Given the segment’s strategic importance and relevance to users of financial statements, the CODM identified it as a reportable segment despite not meeting the quantitative thresholds.
- Other business unit: this part of the business includes a) manufacturing and sales of precision component products; b) manufacturing and sales of smart hardware products; c) lithium-ion batteries testing and recycling; d) others.

APPENDIX I

ACCOUNTANTS’ REPORT

(b) Segment Information

For the years ended December 31, 2022, 2023 and 2024, and the nine months ended September 30, 2024 and 2025, the CODM assess the performance of the operating segments mainly based on segment revenue and gross profit of each operating segment.

Segment information for the year ended December 31, 2022 is as follows:

	Consumer battery business unit	EV battery business unit	ESS business unit	Other business unit	Elimination between business units	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from transactions with external customers	34,283,379	12,686,324	177,362	5,012,003	–	52,159,068
Other revenue (i)	1,042	196	5	1,958	–	3,201
Inter-segment revenue	97,354	264,013	271,554	1,804,459	(2,437,380)	–
Cost of sales	(29,545,549)	(12,328,461)	(344,215)	(6,048,046)	2,388,991	(45,877,280)
Lease cost	(242)	–	–	(147)	–	(389)
Gross profit	4,835,984	622,072	104,706	770,227	(48,389)	6,284,600
Segment profit/(loss)	2,382,336	(1,503,819)	(49,422)	269,151	(156,899)	941,347
Finance (costs)/income, net	(204,170)	(200,391)	(46,952)	(42,053)	–	(493,566)
Share of profit or loss of investments in associate and joint ventures	12,687	(20,937)	(21)	–	–	(8,271)
Profit/(loss) before income tax	2,190,853	(1,725,147)	(96,395)	227,098	(156,899)	439,510
Depreciation and amortisation	1,064,236	548,756	57,079	232,736	(134,746)	1,768,061
Net impairment losses on financial assets and contract assets	2,542	(141,114)	3,640	(17,820)	6,350	(146,402)
Investments in associates and joint ventures	543,380	6,933	979	–	–	551,292
Total assets	43,083,355	34,002,067	2,177,881	4,210,934	(8,975,057)	74,499,180
Total liabilities	23,384,188	22,400,885	2,384,503	3,821,248	(3,807,031)	48,183,793

Segment information for the year ended December 31, 2023 is as follows:

	Consumer battery business unit	EV battery business unit	ESS business unit	Other business unit	Elimination between business units	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from transactions with external customers	31,065,700	10,794,289	698,749	5,299,347	–	47,858,085
Other revenue (i)	1,823	520	–	1,799	–	4,142
Inter-segment revenue	266,184	324,970	482,484	1,292,166	(2,365,804)	–
Cost of sales	(26,696,450)	(10,586,580)	(1,004,292)	(5,788,775)	2,332,722	(41,743,375)
Lease cost	(696)	–	–	(112)	–	(808)
Gross profit	4,636,561	533,199	176,941	804,425	(33,082)	6,118,044
Segment profit/(loss)	2,313,911	(1,771,668)	(85,055)	145,950	(19,547)	583,591
Finance (costs)/income, net	(126,011)	(135,709)	(47,373)	(40,681)	–	(349,774)
Share of profit or loss of investments in associate and joint ventures	(45,306)	(21,249)	1,007	–	–	(65,548)
Profit/(loss) before income tax	2,142,594	(1,928,626)	(131,421)	105,269	(19,547)	168,269
Depreciation and amortisation	1,151,756	1,020,396	73,548	228,880	(129,586)	2,344,994
Net impairment losses on financial assets and contract assets	(3,844)	12,778	(9,405)	(18,137)	5,672	(12,936)
Investments in associates and joint ventures	839,795	32,364	7,691	–	–	879,850
Total assets	41,850,786	38,903,523	2,292,449	5,070,810	(8,856,309)	79,261,259
Total liabilities	18,854,469	24,526,522	2,628,942	4,203,570	(3,396,866)	46,816,637

APPENDIX I

ACCOUNTANTS’ REPORT

Segment information for the year ended December 31, 2024 is as follows:

	Consumer battery business unit	EV battery business unit	ESS business unit	Other business unit	Elimination between business units	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from transactions with external customers	33,474,058	15,136,357	1,238,319	6,166,172	–	56,014,906
Other revenue (i)	1,425	2,171	167	1,965	–	5,728
Inter-segment revenue	637,184	587,898	723,953	1,193,391	(3,142,426)	–
Cost of sales	(28,315,198)	(14,560,252)	(1,588,499)	(6,393,307)	3,041,679	(47,815,577)
Lease cost	(981)	(42)	–	(1,203)	–	(2,226)
Gross profit	5,796,488	1,166,978	373,094	967,018	(100,747)	8,202,831
Segment profit/(loss)	2,683,618	(1,645,897)	(48,855)	192,415	(50,344)	1,130,937
Finance (costs)/income, net	256	(251,436)	(68,244)	(22,230)	–	(341,654)
Share of profit or loss of investments in associates and joint ventures	(30,800)	49,591	(1,634)	(5)	–	17,152
Impairment provision for investments in associates and joint ventures	(17,693)	–	–	–	–	(17,693)
Profit(loss) before income tax	2,635,381	(1,847,742)	(118,733)	170,180	(50,344)	788,742
Depreciation and amortisation	1,234,789	1,433,664	115,966	203,196	(138,350)	2,849,265
Net impairment losses on financial assets and contract assets	(7,363)	(67,398)	(7,014)	(13,158)	1,329	(93,604)
Investments in associates and joint ventures	823,079	84,974	34,057	31	–	942,141
Total assets	46,052,462	42,216,791	3,640,596	5,416,193	(9,827,699)	87,498,343
Total liabilities	21,354,894	29,658,427	4,051,703	4,258,093	(3,751,625)	55,571,492

Segment information for the nine months ended September 30, 2024 is as follows:

	Consumer battery business unit	EV battery business unit	ESS business unit	Other business unit	Elimination between business units	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<i>(Unaudited)</i>						
Revenue from transactions with external customers	22,863,717	10,138,925	545,610	4,725,731	–	38,273,983
Other revenue (i)	2,482	870	145	1,201	–	4,698
Inter-segment revenue	482,949	401,671	570,643	853,323	(2,308,586)	–
Cost of sales	(20,024,282)	(9,701,110)	(866,455)	(4,091,392)	2,260,058	(32,423,181)
Lease cost	(839)	(11)	–	(713)	–	(1,563)
Gross profit	3,324,027	840,345	249,943	1,488,150	(48,528)	5,853,937
Segment profit/(loss)	2,165,392	(1,250,485)	(52,626)	158,213	(46,381)	974,113
Finance (costs)/income, net	5,260	(187,145)	(51,368)	(21,808)	–	(255,061)
Share of profit or loss of investments in associates and joint ventures	(28,024)	29,847	(825)	–	–	998
Impairment provision for investments in associates and joint ventures	(17,693)	–	–	–	–	(17,693)
Profit/(loss) before income tax	2,124,935	(1,407,783)	(104,819)	136,405	(46,381)	702,357
Depreciation and amortisation	908,932	1,002,305	75,574	154,833	(104,348)	2,037,296
Net impairment losses on financial assets and contract assets	1,880	(35,773)	(902)	1,425	(2,147)	(35,517)
Investments in associates and joint ventures	813,048	63,411	22,867	37	–	899,363
Total assets	44,642,942	41,726,939	3,401,679	5,527,632	(10,050,092)	85,249,100
Total liabilities	20,309,959	28,583,969	3,803,457	4,418,606	(3,974,018)	53,141,973

APPENDIX I

ACCOUNTANTS’ REPORT

Segment information for the nine months ended September 30, 2025 is as follows:

	Consumer battery business unit	EV battery business unit	ESS business unit	Other business unit	Elimination between business units	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from transactions with external customers	25,449,372	12,364,728	905,133	4,808,573	–	43,527,806
Other revenue (i)	3,052	2,242	109	539	–	5,942
Inter-segment revenue	621,963	848,812	640,294	1,104,767	(3,215,836)	–
Cost of sales	(21,542,389)	(11,648,015)	(1,261,039)	(5,158,909)	3,153,162	(36,457,190)
Lease cost	(2,942)	(250)	–	(276)	–	(3,468)
Gross profit	4,529,056	1,567,517	284,497	754,694	(62,674)	7,073,090
Segment profit/(loss)	2,397,613	(1,060,174)	(10,145)	37,135	(69,677)	1,294,752
Finance (costs)/income, net	(76,808)	(235,861)	(45,668)	(13,023)	–	(371,360)
Share of profit or loss of investments in associates and joint ventures	19,307	45,942	(1,026)	(3)	(118)	64,102
Profit before income tax	2,340,112	(1,250,093)	(56,839)	24,109	(69,795)	987,494
Depreciation and amortisation	943,387	1,282,363	120,607	161,703	(110,674)	2,397,386
Net impairment losses on financial assets and contract assets	(19)	(39,734)	(16,523)	(50)	7,122	(49,204)
Investments in associates and joint ventures	849,964	130,297	47,623	28	(118)	1,027,794
Total assets	54,292,203	46,985,765	4,301,377	6,602,959	(11,740,297)	100,442,007
Total liabilities	27,794,766	35,718,020	4,658,719	4,869,749	(5,016,223)	68,025,031

(i) Other revenue mainly represents lease income.

(c) Revenue from external customers

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Revenue from external customers					
Timing of revenue recognition					
At a point in time:					
– Sale of goods	52,033,231	47,675,270	55,790,625	38,112,973	43,298,970
– Provision of services	125,837	182,815	224,281	161,010	228,836
Lease income	3,201	4,142	5,728	4,698	5,942
	52,162,269	47,862,227	56,020,634	38,278,681	43,533,748

(d) Revenue from Major Customers

Revenue from customer for the years ended December 31, 2022, 2023 and 2024, and the nine months ended September 30, 2024 and 2025, contributing over 10% of the total sales of the Group are as follows:

	Year ended December 31,						Nine months ended September 30,					
	2022		2023		2024		2024		2025			
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%		
							(Unaudited)					
Customer A . . .	14,925,823	28.61	11,537,349	24.11	11,610,921	20.73	7,712,629	20.15	6,705,897	15.40		
Customer B . . .	5,754,142	11.03	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*		

* The corresponding revenue of the customer is not disclosed as the revenue individually did not contribute 10% or more of the Group’s revenue during the respective Track Record Period.

APPENDIX I

ACCOUNTANTS’ REPORT

(e) Geographical Information

The Company is domiciled in Mainland China. The amount of the Group’s revenue from contracts with customers by location is shown in the table below:

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000 (Unaudited)	RMB’000
Mainland China	29,576,325	27,406,020	32,589,324	22,028,461	26,308,529
Other countries or regions	22,585,944	20,456,207	23,431,310	16,250,220	17,225,219
	52,162,269	47,862,227	56,020,634	38,278,681	43,533,748

Information about the Group’s non-current assets excluding deferred tax assets and financial instruments is presented based on the geographical locations of the assets.

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Mainland China	26,772,054	34,126,524	37,950,900	40,816,622
Other countries or regions (i)	312,956	532,531	1,094,335	3,117,385
	27,085,010	34,659,055	39,045,235	43,934,007

- (i) Non-current assets in other countries or regions are primarily located in India, Thailand, Hungary and Vietnam, which together account for less than 10% of the Group’s non-current assets.

(f) Contract Liabilities

During the Track Record Period, the additions to the contract liabilities were primarily due to cash collections in advance of fulfilling performance obligations, while the reductions to the contract liabilities were primarily due to the recognition of revenues upon fulfilment of performance obligations.

The Group

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Contract liabilities in relation to sale of goods	595,558	602,537	665,433	1,296,428

As at January 1, 2022, the Group’s contract liabilities from customers amounted to approximately RMB408,878,000.

APPENDIX I

ACCOUNTANTS’ REPORT

The following table shows how much of the revenue, which was included in the contract liabilities at the beginning of the year/period, recognized during the Track Record Period relates to carried-forward contract liabilities:

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Revenue recognized that was included in the beginning balance	274,655	496,230	543,983	415,856	391,435

Management expects that the unsatisfied obligation of RMB134,223,000, RMB99,328,000, RMB58,554,000, RMB74,215,000 and RMB83,007,000 as at December 31, 2022, 2023 and 2024, and September 30, 2024 and 2025, respectively, will be recognized as revenue over one year.

The Company

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Contract liabilities.	220,541	35,458	78,359	173,183

As at January 1, 2022, the Company’s contract liabilities from customers amounted to approximately RMB291,055,000.

(g) Accounting Policies and Significant Judgments for Revenue Recognition

The Group recognizes revenue when (or as) a performance obligation is satisfied, i. e., when control of the goods or services underlying the particular performance obligation is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the goods and services may be transferred over time or at a point in time. Control of the goods and services is transferred over time if the Group’s performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods and services transfers over time, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at a point in time when the customer obtains control of the goods and services.

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 or services 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.

If a customer pays consideration or the Company has a right to an amount of consideration that is unconditional, before the Company transfers goods or services to the customer, the Company presents the contract liability when the payment is made. A contract liability is the Company’s obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer.

APPENDIX I

ACCOUNTANTS’ REPORT

(i) *Products revenue*

The Group is principally engaged in research and development, design, manufacturing and sales of lithium-ion batteries.

The Group recognizes revenue at a point in time for consumer batteries and EV batteries.

For consumer batteries and EV batteries, revenue from domestic sales of products shall be recognized based on the sales contracts, settlement vouchers and other documents generally upon the completion of products delivery and arriving to the named place of destination and acceptance by the customers. Upon confirming the acceptance, the customer has the right to sell the products at its discretion and takes the risks of any price fluctuation and obsolescence and loss of the products.

For consumer batteries and EV batteries, revenue from oversea sales of products shall be recognized based on the sales contracts, customs declaration form, bill of lading, and other documents. The Group generally adopts the operation and management mode of Vendor Managed Inventory (hereinafter referred to as VMI). The Group recognizes revenue at the point when the customer picks up goods from the VMI warehouse, which is considered as the time when the control has been transferred and the performance obligation has been fulfilled. For the customers who do not adopt VMI model, upon the completion of customs declaration or arrival to the named port or place of destination, the buyer has the right to sell the products at its discretion and takes the risks of any price fluctuation and obsolescence and loss of the products.

The Group also recognizes revenue at a point in time for energy storage systems. For this type of products, pursuant to the sales contracts, the Group usually collects a certain percentage of down-payment and then arranges production, delivery and installation as well as collects the remaining payment in accordance with the payment schedules. The Group recognizes revenue upon the completion of the installation and acceptance by the customers.

(ii) *Services Revenue*

Services revenue mainly generated from provision of R&D services, testing services and other services. The revenue is recognized at a point in time upon acceptance of such services by the customer given that the Group cannot transfer the benefit to the customers as it performs and therefore does not satisfy its performance obligation over time. The cost of fulfilling the services is recognized as an asset when the costs are expected to be recovered and amortized into cost of revenue at a point in time when the corresponding revenue is recognized if they meet the capitalization criteria as described under IFRS 15. The fulfillment costs of the services that are not recoverable are recognized as cost of revenue.

6. OTHER INCOME

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Government grants	304,314	237,350	329,815	209,954	193,174
Interest income (i)	16,583	44,891	30,115	23,575	37,130
Dividend income	6,450	6,387	2,247	647	2,783
Additional deduction for VAT and tax refund (ii).	3,911	181,739	173,829	90,759	105,693
Others	566	1,086	2,833	2,833	5,391
	331,824	471,453	538,839	327,768	344,171

(i) The amount mainly comprises interest income on the Group’s structured deposits. Interest income from cash and cash equivalent is included in “Finance costs, net” (Note 10).

(ii) Pursuant to the Announcement [2023] No. 43 “Notice on the Additional Value-Added Tax (“VAT”) Deduction Policy for Advanced Manufacturing Enterprises (《關於先進製造業企業增值稅加計抵減政策的公告》)” issued in 2023 by the Ministry of Finance and the State Taxation Administration, advanced manufacturing enterprises are eligible for a 5% additional VAT deduction based on deductible input VAT from January 1, 2023 to December 31, 2027. All high-tech enterprises within the Group, except one non-manufacturing entity, enjoy above preferential policy.

For the year ended December 31, 2022, 2023 and 2024, and for the nine months ended September 30, 2024 and 2025, the amount also includes tax refund for hiring key demographic groups.

APPENDIX I

ACCOUNTANTS’ REPORT

7. OTHER GAINS/(LOSSES), NET

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Net gains/(losses) on disposal of financial instruments	456	(19,860)	116,069	22,918	1,841
Fair value changes in financial instruments	(45,265)	9,253	(308,604)	(84,793)	455,163
Net foreign exchange (losses)/gains	(156,268)	74,818	46,717	(83,391)	(117,982)
Net losses on disposal of property, plant and equipment and other long-term assets . . .	(32,731)	(79,067)	(211,187)	(25,282)	(62,572)
Gains/(losses) from disposal of other non-current financial assets	30,101	6,729	(8,381)	–	4,241
Others	30,194	12,397	33,905	26,505	7,447
	(173,513)	4,270	(331,481)	(144,043)	288,138

8. EXPENSE BY NATURE

Expenses included in cost of revenue, general and administrative expenses, selling and marketing expenses and research and development expenses are analyzed as follows:

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Raw materials and consumables used	42,669,355	33,386,349	40,270,789	28,149,340	31,275,229
Employee benefit expenses (Note 9)	6,363,105	6,997,099	8,425,132	5,929,671	7,323,347
Depreciation and amortisation . .	1,768,061	2,344,994	2,849,265	2,037,296	2,397,386
Utility cost	876,558	977,907	1,355,019	986,380	1,186,849
Transportation cost	247,076	230,067	319,574	233,382	275,341
Property management service fee	150,948	227,110	263,350	186,863	178,702
Testing fee	117,947	97,418	179,603	111,725	166,407
Office expenses	106,048	131,943	147,407	119,646	130,009
Taxes and surcharges	138,304	140,088	190,013	133,261	175,392
Warranty expenses	312,427	238,955	539,013	195,537	278,034
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Auditor’s remuneration	4,087	4,109	4,236	4,236	5,897
– Audit services	3,804	3,821	3,953	3,953	5,199
– Non-audit services	283	288	283	283	698
Changes in work in progress and finished goods	(2,736,665)	1,478,723	(817,401)	(1,612,235)	(1,823,966)
Impairment losses on inventories	622,292	628,926	299,652	276,913	257,816
Other expenses	593,288	857,736	977,799	700,761	990,013
	51,232,831	47,741,423	55,003,451	37,452,776	42,822,101

APPENDIX I

ACCOUNTANTS’ REPORT

9. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS’ REMUNERATION)

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000 (Unaudited)	RMB’000
Salaries, wages and bonuses . . .	5,577,166	6,035,749	7,238,884	5,064,211	6,244,518
Share-based compensation expenses	163,121	158,328	195,237	172,643	153,889
Housing fund, medical insurance and other social insurance	191,565	262,737	309,912	234,115	286,470
Pension costs – defined contribution plan	263,064	331,550	440,370	321,141	433,259
Pension costs – defined benefit plans	–	–	–	–	3,745
Other employee benefits (i) . . .	168,189	208,735	240,729	137,561	201,466
	<u>6,363,105</u>	<u>6,997,099</u>	<u>8,425,132</u>	<u>5,929,671</u>	<u>7,323,347</u>

(i) Other employee benefits primarily consist of staff welfare expenses, trade union funds and staff education funds.

(ii) The Group is required to make contributions for its employees in the PRC to the state-sponsored retirement plan at a certain rate based on the qualified salaries of the individual employees. The PRC government is responsible for the pension liability of the retired employees.

The Group is required to make retirement benefit provision for qualifying employees of Sunwoda Electronic India Private Limited and Winone Precision Technology India Private Limited, defined and governed by law In India.

It is a lump-sum payment made by an employer to an employee as a token of appreciation for long and dedicated service. The contribution is calculated using a formula based on the employee’s last drawn salary and years of service, subject to a maximum limit. This retirement benefits obligation of the Group recognized on the balance sheet date is calculated using the projected unit credit method, and reviewed by external independent actuary institution. As at December 31, 2022, 2023 and 2024, and September 30 2025, the present value of this plan is RMB1,934,000, RMB2,037,000, RMB2,914,000 and RMB3,644,000, respectively.

(a) Directors’ and Supervisors’ Remuneration

Directors’ and supervisors’ remuneration for the year/period, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, is as follows:

	Fees	Salaries, wages and bonuses	Retirement benefits	Housing fund and other benefits	Share-based compensation expenses	Total remuneration before tax
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Year ended December 31, 2022						
Non-executive directors:						
Mr. Zhou Xiaoxiong .	–	144	–	–	–	144
Executive director:						
Mr. Wang Wei	–	2,336	38	29	–	2,403
Mr. Zeng Di	–	2,009	24	19	600	2,652
Dr. Xiao Guangyu . .	–	2,182	38	29	231	2,480
Independent non-executive directors:						
Mr. Liu Zhengbing . .	144	–	–	–	–	144
Mr. Zhang Jianjun . .	144	–	–	–	–	144
Ms. Yu Qun	–	–	–	–	–	–
Supervisors:						
Ms. Yuan Huiqiong . .	–	1,376	38	29	–	1,443
Mr. Li Weihong	–	453	15	12	–	480
Ms. Liu Rongbo	–	296	15	12	–	323
	<u>288</u>	<u>8,796</u>	<u>168</u>	<u>130</u>	<u>831</u>	<u>10,213</u>

APPENDIX I

ACCOUNTANTS’ REPORT

	Fees	Salaries, wages and bonuses	Retirement benefits	Housing fund and other benefits	Share-based compensation expenses	Total remuneration before tax
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended						
December 31, 2023						
Non-executive directors:						
Mr. Zhou Xiaoxiong .	–	144	–	–	–	144
Executive director:						
Mr. Wang Wei	–	2,336	44	49	–	2,429
Mr. Zeng Di	–	2,132	32	27	–	2,191
Dr. Xiao Guangyu . .	–	2,170	36	30	–	2,236
Independent non-executive directors:						
Mr. Liu Zhengbing . .	144	–	–	–	–	144
Mr. Zhang Jianjun . .	144	–	–	–	–	144
Ms. Yu Qun (i)	–	–	–	–	–	–
Mr. Tang Xu (i)	47	–	–	–	–	47
Supervisors:						
Ms. Yuan Huiqiong . .	–	1,523	36	35	–	1,594
Mr. Li Weihong (ii) .	–	86	4	3	64	157
Ms. Zhou Lijuan (ii) .	–	407	12	10	–	429
Ms. Liu Rongbo	–	357	14	12	–	383
	335	9,155	178	166	64	9,898

	Fees	Salaries, wages and bonuses	Retirement benefits	Housing fund and other benefits	Share-based compensation expenses	Total remuneration before tax
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended						
December 31, 2024						
Non-executive directors:						
Mr. Zhou Xiaoxiong .	–	144	–	–	–	144
Executive director:						
Mr. Wang Wei	–	4,136	50	53	–	4,239
Mr. Zeng Di	–	2,341	35	27	295	2,698
Dr. Xiao Guangyu . .	–	2,507	38	29	443	3,017
Independent non-executive directors:						
Mr. Liu Zhengbing (iii)	49	–	–	–	–	49
Mr. Zhang Jianjun . .	144	–	–	–	–	144
Ms. Wu Qiyu (iii) . .	95	–	–	–	–	95
Mr. Tang Xu	144	–	–	–	–	144
Supervisors:						
Ms. Yuan Huiqiong (iv)	–	551	15	17	–	583
Ms. Luo Yang (iv) . .	–	154	6	6	–	166
Ms. Zhou Lijuan . . .	–	534	15	12	–	561
Ms. Liu Rongbo . . .	–	398	15	12	–	425
	432	10,765	174	156	738	12,265

APPENDIX I

ACCOUNTANTS’ REPORT

	Fees	Salaries, wages and bonuses	Retirement benefits	Housing fund and other benefits	Share-based compensation expenses	Total remuneration before tax
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<i>(Unaudited)</i>						
Nine months ended						
September 30, 2024						
Non-executive						
directors:						
Mr. Zhou Xiaoxiong .	–	108	–	–	–	108
Executive director:						
Mr. Wang Wei	–	1,035	37	39	–	1,111
Mr. Zeng Di	–	1,041	26	20	221	1,308
Dr. Xiao Guangyu . .	–	1,163	28	22	332	1,545
Independent						
non-executive						
directors:						
Mr. Liu Zhengbing						
(iii)	49	–	–	–	–	49
Mr. Zhang Jianjun . .	108	–	–	–	–	108
Ms. Wu Qiyu (iii) . .	59	–	–	–	–	59
Mr. Tang Xu	108	–	–	–	–	108
Supervisors:						
Ms. Yuan Huiqiong						
(iv)	–	551	15	17	–	583
Ms. Luo Yang (iv) . .	–	78	4	3	–	85
Ms. Zhou Lijuan . . .	–	343	11	9	–	363
Ms. Liu Rongbo . . .	–	255	11	9	–	275
	324	4,574	132	119	553	5,702

	Fees	Salaries, wages and bonuses	Retirement benefits	Housing fund and other benefits	Share-based compensation expenses	Total remuneration before tax
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Nine months ended						
September 30, 2025						
Non-executive						
directors:						
Mr. Zhou Xiaoxiong .	–	119	–	–	–	119
Executive director:						
Mr. Wang Wei	–	1,376	43	42	–	1,461
Mr. Zeng Di	–	1,329	32	24	264	1,649
Dr. Xiao Guangyu . .	–	1,464	32	24	395	1,915
Independent						
non-executive						
directors:						
Mr. Zhang Jianjun . .	119	–	–	–	–	119
Ms. Wu Qiyu (iii) . .	119	–	–	–	–	119
Mr. Tang Xu	119	–	–	–	–	119
Supervisors:						
Ms. Luo Yang (iv) . .	–	141	8	7	–	156
Ms. Zhou Lijuan . . .	–	357	13	10	–	380
Ms. Liu Rongbo . . .	–	298	13	10	–	321
	357	5,084	141	117	659	6,358

APPENDIX I

ACCOUNTANTS’ REPORT

- (i) Ms. Yu Qun resigned as an independent non-executive director of the Company on September 4, 2023. Mr. Tang Xu was appointed as an independent non-executive director of the Company on September 4, 2023.
- (ii) Mr. Li Weihong resigned as a supervisor of the Company on March 23, 2023. Ms. Zhou Lijuan was appointed as a supervisor of the Company on March 23, 2023.
- (iii) Mr. Liu Zhengbing resigned as an independent non-executive director on May 7, 2024. Ms. Wu Qiyong were appointed as an independent non-executive director on May 7, 2024.
- (iv) Ms. Yuan Huiqiong resigned as a supervisor on May 7, 2024. Ms. Luo Yang was appointed as a supervisor on May 7, 2024.

(b) Directors’ and Supervisors’ Other Benefits

No termination benefits were paid to the directors and supervisors of the Company by the Group in respect of the director’s services as a director and a supervisor of the Group or other services in connection with the management of the affairs of the Group during the Track Record Period.

No consideration provided to third parties for making available directors’ and supervisors’ services subsisted at the end of each reporting period or at any time during the Track Record Period.

There were no loans, quasi-loans or other dealings entered into in favor of directors, controlled bodies corporate by and connected entities with such directors during the Track Record Period.

Save as disclosed in Note 46, there were no significant transactions, arrangements and contracts in relation to the Group’s business to which the Company was a party and in which a director and a supervisor of the Company had a material interest, whether directly or indirectly, subsisted during the Track Record Period.

(c) Five Highest Paid Individuals

The five individuals whose emoluments were the highest in the Group do not include any director or supervisor during the years ended December 31, 2022, 2023 and 2024, and the nine months ended September 30, 2024 and 2025.

The emoluments paid to the five highest paid individuals during the years ended December 31, 2022, 2023 and 2024, and the nine months ended September 30, 2024 and 2025, respectively, are as follows:

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
				<i>(Unaudited)</i>	
Wages, salaries and bonuses and benefits in kind (including contributions to pension plans)	15,211	11,291	11,511	6,792	8,333
Share-based payments	15,626	85,867	139,097	91,349	84,912
	30,837	97,158	150,608	98,141	93,245

APPENDIX I

ACCOUNTANTS’ REPORT

Details of the remuneration of the five highest paid individuals of the Group during the Track Record Period are as follows:

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
HKD2,000,001 to HKD2,500,000.	–	–	–	1	–
HKD2,500,001 to HKD3,000,000.	–	–	–	–	1
HKD3,000,001 to HKD3,500,000.	–	–	–	–	1
HKD3,500,001 to HKD4,000,000.	–	–	–	1	1
HKD4,000,001 to HKD4,500,000.	2	–	–	–	–
HKD4,500,001 to HKD5,000,000	–	–	–	–	–
HKD5,000,001 to HKD5,500,000.	1	–	–	–	–
HKD5,500,001 to HKD6,000,000	–	–	–	–	1
HKD7,000,001 to HKD7,500,000.	–	2	–	–	–
HKD8,000,001 to HKD8,500,000.	–	1	–	–	–
HKD9,000,001 to HKD9,500,000.	–	–	1	–	–
HKD9,500,001 to HKD10,000,000	–	–	1	–	–
HKD10,500,001 to HKD11,000,000	1	–	–	–	–
HKD11,000,001 to HKD11,500,000	1	–	–	–	–
HKD13,000,001 to HKD13,500,000	–	1	–	–	–
HKD14,500,001 to HKD15,000,000	–	–	–	1	–
HKD15,500,001 to HKD16,000,000	–	–	1	–	–
HKD16,000,001 to HKD16,500,000	–	–	–	1	–
HKD23,500,001 to HKD24,000,000	–	–	1	–	–
HKD71,000,001 to HKD71,500,000	–	–	–	1	–
HKD73,500,001 to HKD74,000,000	–	1	–	–	–
HKD86,000,001 to HKD86,500,000	–	–	–	–	1
HKD105,000,001 to HKD105,500,000.	–	–	1	–	–
	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>

10. FINANCE (COSTS)/INCOME, NET

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(Unaudited)</i>	
Finance income:					
Interest income from financial assets held for cash management purposes	193,979	377,161	374,787	270,092	207,508
Finance costs:					
Interest expenses on lease liabilities	79,591	100,026	121,406	89,188	89,979
Interest expenses on borrowings	666,282	697,820	601,353	446,137	532,237
Net exchange losses on foreign currency borrowings	–	–	35,732	20,482	51,074
Others	215	93	–	5,588	117
Less: capitalized finance costs.	(58,543)	(71,004)	(42,050)	(36,242)	(94,539)
	<u>687,545</u>	<u>726,935</u>	<u>716,441</u>	<u>525,153</u>	<u>578,868</u>
Finance (costs)/income, net	(493,566)	(349,774)	(341,654)	(255,061)	(371,360)

APPENDIX I

ACCOUNTANTS’ REPORT

11. INCOME TAX (CREDIT)/EXPENSE

The income tax (credit)/expense of the Group during the Track Record Period are analyzed as follows:

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Current income tax	4,253	101,470	258,781	219,132	242,100
Deferred income tax	(328,104)	(263,947)	(4,322)	(70,266)	(33,690)
	(323,851)	(162,477)	254,459	148,866	208,410

The Group is subject to income tax on an entity basis on profits arising in or derived from the different jurisdictions in which members of the Group are domiciled and operate.

(a) PRC Corporate Income Tax

In accordance with the relevant regulations of the Enterprise Income Tax laws (the “EIT Law”) of the PRC, the applicable statutory tax rate of the PRC subsidiaries is 25% unless those subject to tax exemption set out below.

During the Track Record Period, certain subsidiaries of the Group have obtained High and New Technology Enterprises certification (“HNTe”) and hence they are entitled to a preferential corporate income tax rate of 15% for a valid period of 3 years.

One subsidiary of the Company obtained the Software Enterprise Certification (Shen RQ-2020-1031) and Software Product Certification (Shen RQ-2020-1950) in 2020. Pursuant to Article 1, Paragraph 2 of the Notice on Certain Corporate Income Tax Preferential Policies (財稅[2008]1號文《財政部國家稅務總局關於企業所得稅若干優惠政策的通知》第一條第二款) issued by the Ministry of Finance and the State Taxation Administration, newly established software production enterprises in China, upon certification, are exempt from corporate income tax in the first and second profit-making years, and subject to a 50% reduction in the third to fifth years. Accordingly, this subsidiary was exempt from corporate income tax in 2019 and 2020, and enjoyed a 50% tax reduction from 2021 to 2023.

During the Track Record Period, one subsidiary of the Company enjoys the corporate income tax incentive policy in the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone, with a preferential tax rate of 15%.

During the Track Record Period, certain subsidiaries enjoy the Western Regions corporate income tax incentive, with a preferential tax rate of 15%.

During the year ended December 31, 2024, and the nine months ended September 30, 2025, certain subsidiaries in Morocco qualify for a full corporate tax exemption for the first five consecutive fiscal years from the commencement of operations, pursuant to Article 6-II-B-8 of the General Tax Code (Code Général des Impôts, CGI) and Law No. 19-94 governing Industrial Acceleration Zones.

During the year ended December 31, 2024, and the nine months ended September 30, 2025, certain subsidiaries in Vietnam qualifies for the ‘two-year exemption followed by four-year 50% reduction’ corporate income tax incentive for their industrial zone projects (excluding those located in socio-economically advantaged areas), effective from 2023.

Pursuant to the Notice on Value-Added Tax, Business Tax and Corporate Income Tax Policies for Promoting the Development of Energy Conservation Service Industry (《財政部國家稅務總局關於促進節能服務產業發展增值稅、營業稅和企業所得稅政策問題的通知》(財稅[2010]110號)) jointly issued by the Ministry of Finance and the State Administration of Taxation, qualified energy service companies implementing contract energy management projects that satisfy the requirements under the Corporate Income Tax Law shall be exempt from corporate income tax for the first three years starting from the first tax year in which the project generates operating revenue, followed by a 50% reduction based on the statutory tax rate of 25% for the fourth to sixth years. During the Track Record Period, certain subsidiaries qualify the aforementioned tax preferential policies.

APPENDIX I

ACCOUNTANTS’ REPORT

Article 88 of the Implementation Regulations of the PRC Enterprise Income Tax Law specifies that the ‘qualified environmental protection and energy/water conservation projects’ referenced in Article 27(3) of the Enterprise Income Tax Law include: public sewage treatment, public waste treatment, comprehensive biogas utilization, energy-saving and emission-reduction technological upgrades, seawater desalination, etc. Income derived by enterprises from such qualified environmental protection and energy/water conservation projects shall be exempt from corporate income tax for the first three years starting from the first tax year in which the project generates operating revenue, followed by a 50% tax reduction for the fourth to sixth years. During the Track Record Period, one subsidiary qualifies the aforementioned tax preferential policies.

Pursuant to the Notice on Corporate Income Tax Incentive Policies for Hainan Free Trade Port (《財政部稅務總局關於海南自由貿易港企業所得稅優惠政策的通知》(財稅[2020]31號)) jointly issued by the Ministry of Finance and the State Taxation Administration, and the Hainan Free Trade Port Encouraged Industries Catalogue (2020 Edition) (《海南自由貿易港鼓勵類產業目錄(2020年本)》發改地區規[2021]0120號) issued by the National Development and Reform Commission, enterprises registered in Hainan Free Trade Port and conducting substantive operations in encouraged industries are subject to a reduced corporate income tax rate of 15%. During the Track Record Period, one subsidiary qualifies the aforementioned tax preferential policies.

Pursuant to the preferential corporate income tax policies for nationally key-supported public infrastructure projects under the PRC Enterprise Income Tax Law and its Implementation Regulations, income derived by resident enterprises (hereinafter referred to as “enterprises”) from investment and operation of public infrastructure projects that comply with the scope, conditions and standards specified in the Catalog of Corporate Income Tax Preferences for Public Infrastructure Projects (hereinafter referred to as “the Catalog”), upon approval by relevant authorities, shall be exempt from corporate income tax for the first three years starting from the first tax year in which the project generates operating revenue, followed by a 50% reduction of the applicable tax rate for the fourth to sixth years. During the Track Record Period, one subsidiary of the Company qualifies the aforementioned tax preferential policies.

Pursuant to Caishui [2022] No. 13 “Announcement on Further Implementing the Income Tax Preferential Policies for Small Meagre-profit Enterprises” (關於進一步實施小微企業所得稅優惠政策的公告), certain subsidiaries were qualified for Small Meagre-profit Enterprises and entitled to a preferential income tax rate of 20% on the 25% of taxable income exceeding RMB1,000,000 but less than RMB3,000,000 from January 1, 2022 to December 31, 2024.

Pursuant to Caishui [2023] No. 12 “Announcement on the Income Tax Preferential Policies for Small Meagre-profit Enterprises and Self-employed Businesses” (關於小微企業和個體工商戶所得稅優惠政策的公告), certain subsidiaries were qualified for Small Meagre-profit Enterprises and entitled to a preferential income tax rate of 20% on the 25% of taxable income not exceeding RMB3,000,000 from January 1, 2023 to December 31, 2027.

According to the relevant laws and regulations promulgated by the State Taxation Administration of the PRC, enterprises engaging in research and development activities are entitled to claim 175% from 2018 onwards (subsequently raised to 200% from 2022 onwards) of their research and development expenses incurred as tax deductible expenses when determining their assessable profits for that year (the “Super Deduction for research and development”).

(b) Hong Kong Profits Tax

Hong Kong profits tax has been provided for at the rate of 16.5% on the estimated assessable profits for the years ended December 31, 2022, 2023 and 2024, and the nine months ended September 30, 2025.

(c) India Profits Tax

India profits tax has been provided for at the rate of 25.168% on the estimated assessable profits for the years ended December 31, 2022, 2023 and 2024, and the nine months ended September 30, 2025.

(d) Corporate Income Tax in Other Jurisdictions

The income tax rates of the subsidiaries from other jurisdictions, including Vietnam, Thailand, Hungary, Germany, and Japan, had been calculated on the estimated assessable profit for the Track Record Period at the respective rates prevailing in the relevant jurisdictions.

APPENDIX I

ACCOUNTANTS’ REPORT

(e) OECD Pillar Two Model Rules

Amendments to IAS 12 “International Tax Reform — Pillar Two Model Rules” were issued on May 23, 2023 which are effective upon issuance and require retrospective application. The amendments provide a temporary exception from deferred tax accounting for the income tax arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organization for Economic Cooperation and Development (“OECD”).

The Group is within the scope of global minimum tax (“GMT”) under the OECD Pillar Two model rules (“Pillar Two”). Subject to tax legislation enacting Pillar Two Being passed in the jurisdictions where the Company and its subsidiaries operate, the Group is liable to pay a top-up tax for any deficiency between the minimum tax rate of 15% and the effective tax rate per respective jurisdiction. The Group applies the IAS 12 exception to recognition and disclosure information about deferred tax assets and liabilities relating to Pillar Two income taxes.

For those jurisdictions where the Pillar Two legislation was enacted but not effective at the reporting date, the Group has no related current tax exposure. However, certain subsidiaries of the Company are located in jurisdictions where Pillar Two legislation has been enacted, specifically Vietnam, Germany, Hungary and Japan, effective since 1 January 2024, as well as Hong Kong and Thailand, effective since 1 January, 2025. Based on the Group’s assessment, there is no material related current tax exposure in these jurisdictions for the year ended 31 December 2024, and the nine months ended September 30, 2025.

(f) The income tax on the Group’s profit before income tax differs from the theoretical amount that would arise using the enacted tax rate applicable to profits of the subsidiaries as follows:

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000 (Unaudited)	RMB’000
Profit before income tax	439,510	168,269	788,742	702,357	987,494
Calculated at the PRC taxation rate of the Company (15%) . .	65,927	25,240	118,311	105,354	148,124
Effect of different tax rates applicable to subsidiaries (i) .	(146,430)	(47,622)	(5,990)	(20,352)	46,018
Adjustments in respect of current tax of previous periods	211	10,288	34,158	33,010	24,208
Super deduction for research and development expenses. . .	(417,397)	(362,105)	(378,304)	(298,669)	(322,831)
Non-deductible expenses for tax purposes.	24,081	34,030	68,720	33,443	28,199
Utilization of previously unrecognized tax losses and temporary differences.	(98,036)	(56,225)	(43,975)	(61,374)	(14,879)
Unused tax losses and temporary differences not recognized as deferred tax assets (ii)	244,349	235,765	463,309	361,578	287,218
Reversal of previously recognized deferred tax assets	—	—	—	—	17,208
Others	3,444	(1,848)	(1,770)	(4,124)	(4,855)
	(323,851)	(162,477)	254,459	148,866	208,410

- (i) Reconciling differences are attributable to variations between the statutory tax rates applicable to certain subsidiaries and the parent company’s 15% rate.
- (ii) Deferred income tax assets relating to these unused tax losses are not recognized as the management considers it is uncertain to utilize these unrecognized tax credits prior to their expiry dates mainly because there are a lot of unused tax losses and the Group will continue to invest on research and development activities and expect to continue to enjoy the Super Deduction for research and development.

APPENDIX I

ACCOUNTANTS’ REPORT

(g) Amounts recognized directly in equity

Aggregate current tax arising in Track Record Period and not recognized in net profit or loss or other comprehensive income but directly debited to equity:

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Current tax:					
Tax effect in relation to the transactions with non-controlling interests	–	128,580	–	–	–

12. DIVIDENDS

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Final cash dividends in respect of the previous year, declared and paid during the year/period (i)	119,506	148,994	221,714	221,714	274,681
Interim cash dividends in respect of current year, declared and paid during the year/period (ii)	–	–	–	–	110,297
Total	119,506	148,994	221,714	221,714	384,978

- (i) The final dividends of RMB0.7, RMB0.8, RMB1.2 and RMB1.5 per 10 shares (tax inclusive) in respect of the years ended 31 December 2021, 2022, 2023 and 2024 were approved by the Annual General Meeting of the Company.
- (ii) The interim dividend of RMB0.6 per 10 shares (tax inclusive) in respect of the first half year of 2025 was approved by the Extraordinary Annual Meeting in September 18, 2025.

APPENDIX I

ACCOUNTANTS’ REPORT

13. EARNINGS PER SHARE

(a) Basic Earnings Per Share

The calculation of basic earnings per share is based on the following:

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
				<i>(Unaudited)</i>	
Profit attributable to ordinary shareholders of the Company (RMB’000)	1,068,014	1,076,198	1,474,324	1,212,215	1,413,519
Less: Dividends payable to expected vested restricted shares (RMB’000).	(1,943)	(971)	–	–	–
Profit attributable to ordinary shareholders of the Company used in calculating basic EPS (RMB’000)	1,066,071	1,075,227	1,474,324	1,212,215	1,413,519
Weighted average number of ordinary shares in issue (thousands)	1,713,594	1,862,000	1,843,855	1,847,905	1,832,962
Basic EPS (RMB per share) . .	0.62	0.58	0.80	0.66	0.77

(b) Diluted Earnings Per Share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
				<i>(Unaudited)</i>	
Adjusted profit attributable to owners of the Company used in calculating diluted EPS (RMB’000)	1,068,014	1,076,198	1,474,324	1,212,215	1,413,519
Weighted average number of ordinary shares in issue (thousands)	1,713,594	1,862,000	1,843,855	1,847,905	1,832,962
Adjustments for potential shares arising from share schemes (thousands)	13,199	–	2,341	–	8,893
Weighted average number of ordinary shares used in calculating diluted EPS (thousands)	1,726,793	1,862,000	1,846,196	1,847,905	1,841,855
Diluted EPS (RMB per share) .	0.62	0.58	0.80	0.66	0.77

Diluted earnings/(loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

APPENDIX I

ACCOUNTANTS’ REPORT

For the year ended December 31, 2023, and the nine months ended September 30, 2024, the restricted shares (Note 39) were not included in the calculation of diluted earnings per share because their inclusion would have been anti-dilutive.

For the year ended December 31, 2022, the subsidiary of the Group had convertible bonds, since the subsidiary incurred net losses and the potential ordinary shares in relation to the convertible bonds would be anti-dilutive.

14. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The amounts of investments in associates and joint ventures recognized in the Historical Financial Information are as follows:

The Group

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Associates	544,359	847,486	831,410	152,761
Joint ventures	6,933	32,364	110,731	875,033
	551,292	879,850	942,141	1,027,794

The movements of investments in associates and joint ventures during the Track Record Period are as follows:

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
At the beginning of the year/period	216,363	551,292	879,850	879,850	942,141
Additions and transfer	344,500	521,909	94,058	64,218	20,962
Disposals	–	(195,886)	(28,003)	(28,003)	–
Share of results of associates and joint ventures	(8,271)	(65,548)	17,152	998	64,102
Share of other equity movement	–	70,529	(3,977)	–	–
Share of other comprehensive income	–	(128)	135	(7)	1,208
Dividends	(862)	–	–	–	–
Effect of the elimination of the upstream and downstream transactions	(438)	(2,318)	619	–	(619)
Less: provision for impairment	–	–	(17,693)	(17,693)	–
At the end of the year/period	551,292	879,850	942,141	899,363	1,027,794

The associates and joint ventures of the Group have been accounted based on the financial information prepared under the accounting policies consistent with the Group.

APPENDIX I

ACCOUNTANTS’ REPORT

The Group has interests in a number of individually immaterial associates and joint ventures that are accounted for using the equity method. The carrying amount and the Group’s share of the results of individually immaterial associates and joint ventures are shown in aggregate as below, respectively:

Reconciliation of the carrying amount of the interests recognized in the Historical Financial Information:

The associates and joint ventures

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Aggregate carrying amount of individually immaterial associates.	551,292	879,850	942,141	1,027,794
Aggregate amounts of the Group’s share of:				
Profit for the year/period (i)	(8,203)	(68,372)	17,771	63,483
Other comprehensive income	—	(128)	135	1,208
	(8,203)	(68,500)	17,906	64,691

(i) The variance from the amount recognized in the profit and loss statement arises from the elimination of intercompany transactions with the associates.

The Company

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Associates.	260,046	505,828	524,998	538,151

The movements of investments in associates and joint ventures during the Track Record Period are as follows:

	As at December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000 (Unaudited)	RMB’000
At the beginning of the year/period	—	260,046	505,828	505,828	524,998
Additions and transfers	264,500	445,000	18,182	18,182	—
Disposals	—	(195,886)	—	—	—
Share of results of associates . .	(4,454)	(3,369)	1,030	(2,492)	11,945
Share of other equity movement.	—	107	(208)	—	—
Share of other equity movement.	—	(70)	166	(7)	1,208
At the end of the year/period .	260,046	505,828	524,998	521,511	538,151

APPENDIX I

ACCOUNTANTS’ REPORT

Reconciliation of the carrying amount of the interests recognized in the Historical Financial Information:

The associate

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Aggregate carrying amount of individually immaterial associates.	260,046	505,828	524,998	538,151
Aggregate amounts of the Company’s share of:				
(Losses)/profit for the year/period . .	(4,454)	(3,369)	1,030	11,945
Other comprehensive income	–	(70)	166	1,208
	<u>(4,454)</u>	<u>(3,439)</u>	<u>1,196</u>	<u>13,153</u>

15. FINANCIAL INSTRUMENTS MEASURED AT FVOCI AND FVPL

(a) Financial instruments at FVOCI

The Group

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current:				
Equity instruments at FVOCI (i) . . .	<u>91,897</u>	<u>91,897</u>	<u>88,978</u>	<u>88,978</u>
Current:				
Notes receivables at FVOCI (ii) . . .	<u>295,691</u>	<u>561,006</u>	<u>658,422</u>	<u>511,101</u>

The Company

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current:				
Equity instruments at FVOCI (i) . . .	<u>91,897</u>	<u>91,897</u>	<u>88,978</u>	<u>88,978</u>
Current:				
Notes receivables at FVOCI (ii) . . .	<u>45,953</u>	<u>142,655</u>	<u>64,539</u>	<u>97,078</u>

APPENDIX I

ACCOUNTANTS’ REPORT

(b) Financial instruments at FVPL

The Group

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current:				
Assets				
Other financial assets at FVPL:				
– Listed equity shares	76,103	96,267	116,132	303,734
– Funds	87,034	207,904	204,790	231,461
– Equity instruments at FVPL	939,575	1,213,677	1,114,724	1,206,356
	<u>1,102,712</u>	<u>1,517,848</u>	<u>1,435,646</u>	<u>1,741,551</u>
Liabilities:				
Financial liabilities at FVPL				
– Redemption liabilities (Note 33) . .	<u>4,583</u>	<u>19,807</u>	<u>84,136</u>	<u>229,768</u>
Current:				
Assets:				
Wealth management products				
(Note 24)	110,000	404,420	151,375	344,676
Derivative financial assets				
(Note 34)	<u>–</u>	<u>961</u>	<u>207,590</u>	<u>470,265</u>
	<u>110,000</u>	<u>405,381</u>	<u>358,965</u>	<u>814,941</u>
Liabilities:				
Convertible bonds (Note 32)	1,144,000	–	–	–
Derivative financial liabilities				
(Note 34)	<u>–</u>	<u>–</u>	<u>349,636</u>	<u>373,018</u>
Financial liabilities at FVPL				
– Contingent consideration				
(Note 33)	<u>–</u>	<u>3,000</u>	<u>7,000</u>	<u>3,000</u>
	<u>1,144,000</u>	<u>3,000</u>	<u>356,636</u>	<u>376,018</u>

The Company

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current:				
Other financial assets at FVPL:				
– Listed equity shares	18,349	6,210	6,210	6,020
– Funds	–	119,042	121,435	148,882
– Equity instruments at FVPL	87,034	–	–	–
	<u>105,383</u>	<u>125,252</u>	<u>127,645</u>	<u>154,902</u>
Current:				
Assets:				
Derivative financial assets	<u>–</u>	<u>961</u>	<u>175,616</u>	<u>145,914</u>
Liabilities:				
Derivative financial liabilities				
(Note 34)	<u>–</u>	<u>–</u>	<u>–</u>	<u>125,321</u>

APPENDIX I

ACCOUNTANTS’ REPORT

- (i) The above equity instruments were irrecoverably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.
- (ii) These notes receivables were classified and measured at fair value through other comprehensive income as they are held within a business model with the objective of both collecting contractual cash flows and selling.

16. SUBSIDIARIES

During the Track Record Period, the Company’s principal subsidiaries are as follows:

Name of subsidiary	Place of incorporation and type of legal entity	Share capital registered/ paid-up capital	Equity interest held by the Company								Principal activities
			As at December 31,						As at September 30,		
			2022		2023		2024		2025		
			Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	
'000											
1 . Sunwoda Mobility Energy Technology Co., Ltd. (欣旺達動力科技股份有限公司) (“Sunwoda Mobility Energy”) (i)	PRC, limited liability company	RMB9,524,157	-	50%	-	40.21%	-	40.21%	-	40.21%	Research, development, production and sales of EV battery
2 . Nanjing Sunwoda New Energy Co., Ltd. (南京市欣旺達新能源有限公司)	PRC, limited liability company	RMB2,680,000	-	74.69%	-	100%	-	100%	-	100%	Production and sales of EV battery
3 . Shenzhen Sunwoda Intelligent Technology Co., Ltd. (深圳欣旺達智能科技有限公司)	PRC, limited liability company	RMB50,000	100%	-	100%	-	100%	-	100%	-	Research, development, production and sales of consumer battery
4 . Zhejiang Sunwoda Electronic Co., Ltd. (浙江欣旺達電子有限公司)	PRC, limited liability company	RMB532,000	100%	-	100%	-	100%	-	100%	-	Research, development, production and sales of consumer battery
5 . Sunwoda Electronic India Private Limited	IND, limited liability company	INR50,000,000,000	-	99.99%	-	99.99%	-	99.99%	-	99.99%	Production and sales of consumer battery
6 . Nanchang Sunwoda New Energy Co., Ltd. (南昌欣旺達新能源有限公司)	PRC, limited liability company	RMB3,020,800	-	99.76%	-	99.84%	-	100%	-	100%	Production and sales of EV battery and ESS battery cell
7 . Zhejiang LIWINON Energy Technology Co., Ltd. (浙江鋰威能源科技有限公司)	PRC, limited liability company	RMB1,635,000	-	100%	-	100%	-	100%	-	100%	Research, development, production and sales of consumer battery
8 . Huizhou LIWINON New Energy Technology Co., Ltd. (惠州鋰威新能源科技有限公司)	PRC, limited liability company	RMB2,424,000	89.69%	10.31%	89.69%	10.31%	89.69%	10.31%	89.69%	10.31%	Research, development, production and sales of consumer battery
9 . Sunwoda Huizhou New Energy Co., Ltd. (欣旺達惠州新能源有限公司)	PRC, limited liability company	RMB6,060,266	99.93%	0.07%	99.93%	0.07%	99.93%	0.07%	99.93%	0.07%	Property management of industrial parks and investment holding

APPENDIX I

ACCOUNTANTS’ REPORT

Name of subsidiary	Place of incorporation and type of legal entity	Share capital registered/ paid-up capital	Equity interest held by the Company								Principal activities
			As at December 31,						As at September 30,		
			2022		2023		2024		2025		
			Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	
'000											
10 . Shandong Sunwoda New Energy Co., Ltd (山東欣旺達新能源有限公司)	PRC, limited liability company	RMB384,550	-	100%	-	100%	-	100%	-	100%	Production and sales of EV battery
11 . Shenzhen Xinweizhiwang Technology Co., Ltd (深圳欣威智旺科技有限公司)	PRC, limited liability company	RMB50,000	-	100%	-	100%	-	100%	-	100%	Research, development, production and sales of consumer battery
12 . Huizhou Winone Precision Technology Co., Ltd. (惠州市盈旺精密技術股份有限公司)	PRC, limited liability company	RMB114,493	-	52.41%	-	52.41%	-	82.53%	-	82.53%	Research and development production and sales of precision structural parts and precision molds
13 . Hubei Dongyu Xinsheng New Energy Co., Ltd. (湖北東昱欣晟新能源有限公司)	PRC, limited liability company	RMB500,000	-	51%	-	51%	-	51%	-	51%	Production and sales of EV battery
14 . Deyang Sunwoda New Energy Co., Ltd. (德陽欣旺達新能源有限公司)	PRC, limited liability company	RMB400,000	-	100%	-	100%	-	100%	-	100%	Production and sales of ESS battery cell
15 . HONGKONG XINWEI ELECTRONIC CO., LTD. (香港欣威電子有限公司)	PRC, limited liability company	HKD144,145	100%	-	100%	-	100%	-	100%	-	Sales and investment holding
16 . Sunwoda Huizhou Mobility Energy New Energy Co., Ltd. (欣旺達惠州動力新能源有限公司)	PRC, limited liability company	RMB1,610,000	-	100%	-	100%	-	100%	-	100%	Research, development, production and sales of EV battery and ESS battery
17 . Huizhou Xinzhawang Electronic Co., Ltd (惠州欣智旺電子有限公司)	PRC, limited liability company	RMB350,000	-	100%	-	100%	-	100%	-	100%	Research, development, production and sales of hardwares
18 . Shenzhen Qianhai Hongsheng Entrepreneurship Investment Service Co., Ltd. (深圳市前海弘盛創業投資服務有限公司)	PRC, limited liability company	RMB1,400,000	100%	-	100%	-	100%	-	100%	-	Venture capital and proprietary investment, technology development and commercialization services

- (i) The Company holds an indirect 40.21% equity interests in Sunwoda Mobility Energy. The ultimate controllers of the Company collectively own 49.28% of Sunwoda Mobility Energy through the Company and other entities under their control. Among the remaining 67 shareholders, the largest individual stake is only 6.01%, indicating a highly fragmented ownership structure. The shareholding ratio of any single other shareholder, or the combined ratio of any affiliated shareholders, is significantly lower than that of the Company. Furthermore, no voting agreements exist among these shareholders. Based on the relative small shareholding proportions of the other shareholders, their dispersion, and the absence of any collective decision-making agreements among them, it can be concluded that the Company obtains control of this entity.

APPENDIX I

ACCOUNTANTS’ REPORT

The statutory auditors of the above subsidiaries of the Group during the Track Record Period are set out below:

	Name of subsidiary	Name of statutory auditors		
		2022	2023	2024
1	Sunwoda Mobility Energy (欣旺達動力科技股份有限公司)	PRICEWATERHOUSECOOPERS ZHONG TIAN LLP	PRICEWATERHOUSECOOPERS ZHONG TIAN LLP	KPMG Huazhen LLP
2	Nanjing Sunwoda New Energy Co., Ltd. (南京市欣旺達新能源有限公司)	PRICEWATERHOUSECOOPERS ZHONG TIAN LLP	PRICEWATERHOUSECOOPERS ZHONG TIAN LLP	KPMG Huazhen LLP
3	Shenzhen Sunwoda Intelligent Technology Co., Ltd. (深圳欣旺達智能科技有限公司)	ShineWing Certified Public Accountants LLP	ShineWing Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP
4	Zhejiang Sunwoda Electronic Co., Ltd. (浙江欣旺達電子有限公司)	ShineWing Certified Public Accountants LLP	ShineWing Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP
5	Sunwoda Electronic India Private Limited (欣旺達電子印度有限公司)	MSKA & ASSOCIATES Chartered Accountants	MSKA & ASSOCIATES Chartered Accountants	MSKA & ASSOCIATES Chartered Accountants
6	Nanchang Sunwoda New Energy Co., Ltd. (南昌欣旺達新能源有限公司)	PRICEWATERHOUSECOOPERS ZHONG TIAN LLP	PRICEWATERHOUSECOOPERS ZHONG TIAN LLP	KPMG Huazhen LLP
7	Zhejiang LIWINON Energy Technology Co., Ltd. (浙江鋰威能源科技有限公司)	ShineWing Certified Public Accountants LLP	ShineWing Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP
8	Huizhou LIWINON New Energy Technology Co., Ltd. (惠州鋰威新能源科技有限公司)	ShineWing Certified Public Accountants LLP	ShineWing Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP
9	Sunwoda Huizhou New Energy Co., Ltd. (欣旺達惠州新能源有限公司)	ShineWing Certified Public Accountants LLP	ShineWing Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP
10	Shandong Sunwoda New Energy Co., Ltd. (山東欣旺達新能源有限公司)	PRICEWATERHOUSECOOPERS ZHONG TIAN LLP	PRICEWATERHOUSECOOPERS ZHONG TIAN LLP	KPMG Huazhen LLP
11	Shenzhen Xinwei Zhiwang Technology Co., Ltd. (深圳欣威智旺科技有限公司)	ShineWing Certified Public Accountants LLP	ShineWing Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP
12	Huizhou Winone Precision Technology Co., Ltd. (惠州市盈旺精密技術股份有限公司)	ShineWing Certified Public Accountants LLP	ShineWing Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP
13	Hubei Dongyu Xincheng New Energy Co., Ltd. (湖北東昱欣晟新能源有限公司) (a)	–	PRICEWATERHOUSECOOPERS ZHONG TIAN LLP	KPMG Huazhen LLP
14	Deyang Sunwoda New Energy Co., Ltd. (德陽欣旺達新能源有限公司)	PRICEWATERHOUSECOOPERS ZHONG TIAN LLP	PRICEWATERHOUSECOOPERS ZHONG TIAN LLP	KPMG Huazhen LLP
15	HONGKONG XINWEI ELECTRONIC CO., Ltd. (香港欣威電子有限公司)	RICH MORAL CPA LIMITED	RICH MORAL CPA LIMITED	RICH MORAL CPA LIMITED
16	Sunwoda Huizhou Mobility Energy New Energy Co., Ltd. (欣旺達惠州動力新能源有限公司)	PRICEWATERHOUSECOOPERS ZHONG TIAN LLP	PRICEWATERHOUSECOOPERS ZHONG TIAN LLP	KPMG Huazhen LLP
17	Huizhou Xinzhawang Electronic Co., Ltd (惠州欣智旺電子有限公司)	ShineWing Certified Public Accountants LLP	ShineWing Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP
18	Shenzhen Qianhai Hongsheng Entrepreneurship Investment Service Co., Ltd. (深圳市前海弘盛創業投資服務有限公司)	ShineWing Certified Public Accountants LLP	ShineWing Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP

APPENDIX I

ACCOUNTANTS’ REPORT

- (a) The entity was established in 2022 and has not appointed an auditor to issue statutory financial statements for the year ended December 31, 2022.
- (b) The English names of the Mainland China companies are direct translation or transliteration of their Chinese registered names.
- (c) The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results or assets and liabilities of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.
- (d) Transaction with non-controlling interests:

The Group acquired/disposed certain equity interests of certain subsidiaries from/to non-controlling shareholders, and the difference between consideration paid/received and the carrying amount of equity interest acquired/disposed was recognized as an increase/decrease in reserves. Major transactions during the Track Record Period as follows:

- Major transactions during the year ended 31 December 2023

In May 2023, the Group disposed 4.68% equity interests of Sunwoda Mobility Energy to non-controlling interests at a consideration RMB1,495,750,000. The Group recognized an increase in other reserves of RMB955,631,000 and an increase in non-controlling interests of RMB540,119,000.

- Major transactions during the year ended 31 December 2024

In July 2024, the Group acquired additional 30.13% equity interests of Huizhou Winone Precision Technology Co., Ltd from non-controlling interests at a consideration RMB534,638,000. The Group recognized a decrease in other reserves of RMB294,237,000 and a decrease in non-controlling interests of RMB240,401,000.

- Major transactions during the nine months ended 30 September 2025

In 2025, the Group acquired additional 40.00% equity interests of Shenzhen Qianhai Dianjin Factoring Co., Ltd from non-controlling interests at a consideration RMB40,000,000. The Group recognized a decrease in other reserves of RMB13,274,000 and a decrease in non-controlling interests of RMB26,726,000.

Except for the aforementioned non-controlling interests’ transactions, other transactions made no significant impact on the Group’s Historical Financial Information.

- (e) Material non-controlling interests

As at December 31, 2022, 2023 and 2024, and September 30, 2025, the total non-controlling interests is RMB6,251,613,000, RMB9,329,173,000, RMB8,198,793,000 and RMB7,574,145,000 of which RMB5,802,498,000, RMB8,680,485,000, RMB7,592,194,000 and RMB6,816,330,000 is attributable to Sunwoda Mobility Energy.

APPENDIX I

ACCOUNTANTS’ REPORT

Summarised financial information on subsidiaries with material non-controlling interests

Set out below are the summarised financial information of Sunwoda Mobility Energy which has non-controlling interests that are material to the Group.

	As at December 31,			As at September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Revenue	12,950,532	11,119,780	15,726,426	10,541,466	13,215,781
Loss for the year/period	(1,260,715)	(1,568,981)	(1,868,550)	(1,336,975)	(1,302,592)
Total comprehensive losses for the year/period	(1,260,715)	(1,569,576)	(1,870,352)	(1,333,500)	(1,286,476)
Net cash (used in)/generated from operating activities . . .	(1,195,223)	(1,053,350)	622,109	53,210	471,009
Total non-current assets	15,991,403	23,048,499	24,244,607	24,411,695	26,657,873
Total current assets	18,010,664	15,855,024	17,972,184	17,315,244	20,327,892
Total assets.	34,002,067	38,903,523	42,216,791	41,726,939	46,985,765
Total non-current liabilities . . .	17,486,121	10,270,138	11,461,831	11,005,752	12,491,539
Total current liabilities.	4,914,764	14,256,384	18,196,596	17,578,217	23,226,481
Total liabilities	22,400,885	24,526,522	29,658,427	28,583,969	35,718,020

The Company

Investments in subsidiaries

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Investments in subsidiaries	8,486,902	9,568,744	11,778,794	13,206,439

APPENDIX I

ACCOUNTANTS’ REPORT

17. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Machinery	Electronic devices	Motor vehicles	Other equipment	Construction in progress	Leasehold improvement	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2022								
Cost.	5,147,914	5,543,092	876,765	55,330	664,533	2,015,739	724,314	15,027,687
Accumulated depreciation.	(1,220,841)	(896,305)	(338,158)	(30,589)	(246,779)	–	(436,177)	(3,168,849)
Carrying amounts	3,927,073	4,646,787	538,607	24,741	417,754	2,015,739	288,137	11,858,838
Opening carrying amounts	3,927,073	4,646,787	538,607	24,741	417,754	2,015,739	288,137	11,858,838
Additions	7,704	815,371	203,008	18,642	125,801	10,866,399	40,733	12,077,658
Disposals	–	(19,277)	(1,172)	(135)	(444)	–	(15,996)	(37,024)
Transfers from construction in progress	1,886,228	3,231,054	147,586	5,776	76,831	(5,620,091)	272,616	–
Depreciation charges	(323,206)	(764,106)	(183,399)	(14,314)	(88,469)	–	(77,398)	(1,450,892)
Transfers into construction in progress	–	(689,651)	(89,529)	–	(4,687)	783,867	–	–
Currency translation differences	–	(6,608)	(192)	–	(535)	(5,058)	(479)	(12,872)
Closing carrying amounts	5,497,799	7,213,570	614,909	34,710	526,251	8,040,856	507,613	22,435,708
At December 31, 2022								
Cost.	7,041,846	8,706,169	1,083,247	77,681	851,280	8,040,856	1,021,188	26,822,267
Accumulated depreciation.	(1,544,047)	(1,492,599)	(468,338)	(42,971)	(325,029)	–	(513,575)	(4,386,559)
Carrying amounts	5,497,799	7,213,570	614,909	34,710	526,251	8,040,856	507,613	22,435,708
	Buildings	Machinery	Electronic devices	Motor vehicles	Other equipment	Construction in progress	Leasehold improvement	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2023								
Cost.	7,041,846	8,706,169	1,083,247	77,681	851,280	8,040,856	1,021,188	26,822,267
Accumulated depreciation.	(1,544,047)	(1,492,599)	(468,338)	(42,971)	(325,029)	–	(513,575)	(4,386,559)
Carrying amounts	5,497,799	7,213,570	614,909	34,710	526,251	8,040,856	507,613	22,435,708
Opening carrying amounts	5,497,799	7,213,570	614,909	34,710	526,251	8,040,856	507,613	22,435,708
Additions	1,740,936	880,714	138,191	42,711	92,158	5,847,146	8,019	8,749,875
Disposals	–	(284,199)	(23,265)	(8,948)	(34,438)	–	(14,701)	(365,551)
Transfers from construction in progress	877,461	3,106,660	86,346	9,772	123,012	(4,367,261)	164,010	–
Impact of changes in the scope of consolidation	3,286	3,688	522	172	173	–	–	7,841
Depreciation charges	(515,452)	(1,045,635)	(194,416)	(19,494)	(122,794)	–	(97,065)	(1,994,856)
Transfers into construction in progress	–	(1,013,577)	(58,622)	–	(3,588)	1,075,787	–	–
Currency translation differences	–	2,457	52	–	100	4,015	941	7,565
Closing carrying amounts	7,604,030	8,863,678	563,717	58,923	580,874	10,600,543	568,817	28,840,582
At December 31, 2023								
Cost.	9,663,529	11,235,119	1,191,432	117,028	982,473	10,600,543	1,179,457	34,969,581
Accumulated depreciation.	(2,059,499)	(2,371,441)	(627,715)	(58,105)	(401,599)	–	(610,640)	(6,128,999)
Carrying amounts	7,604,030	8,863,678	563,717	58,923	580,874	10,600,543	568,817	28,840,582

APPENDIX I

ACCOUNTANTS’ REPORT

	Buildings	Machinery	Electronic devices	Motor vehicles	Other equipment	Freehold land	Construction in progress	Leasehold improvement	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2024									
Cost	9,663,529	11,235,119	1,191,432	117,028	982,473	–	10,600,543	1,179,457	34,969,581
Accumulated depreciation	(2,059,499)	(2,371,441)	(627,715)	(58,105)	(401,599)	–	–	(610,640)	(6,128,999)
Carrying amounts	7,604,030	8,863,678	563,717	58,923	580,874	–	10,600,543	568,817	28,840,582
Opening carrying amounts	7,604,030	8,863,678	563,717	58,923	580,874	–	10,600,543	568,817	28,840,582
Additions	1,517,466	905,287	254,241	42,591	81,647	93,834	3,886,908	19,032	6,801,006
Disposals	–	(232,320)	(139,370)	(5,007)	(62,996)	–	–	(23,739)	(463,432)
Transfers from construction in progress	2,031,171	5,075,972	96,066	10,456	408,388	–	(7,647,320)	25,267	–
Depreciation charges	(799,817)	(1,168,853)	(201,012)	(22,361)	(136,571)	–	–	(95,530)	(2,424,144)
Transfers into construction in progress	–	(1,245,569)	(40,815)	(530)	(3,356)	–	1,290,270	–	–
Currency translation differences	(1,154)	(4,859)	(205)	(42)	(40)	(1,668)	(5,039)	(202)	(13,209)
Closing carrying amounts	10,351,696	12,193,336	532,622	84,030	867,946	92,166	8,125,362	493,645	32,740,803
At December 31, 2024									
Cost	13,211,129	15,177,539	1,298,013	159,543	1,367,750	92,166	8,125,362	1,199,815	40,631,317
Accumulated depreciation	(2,859,433)	(2,984,203)	(765,391)	(75,513)	(499,804)	–	–	(706,170)	(7,890,514)
Carrying amounts	10,351,696	12,193,336	532,622	84,030	867,946	92,166	8,125,362	493,645	32,740,803

	Buildings	Machinery	Electronic devices	Motor vehicles	Other equipment	Freehold land	Construction in progress	Leasehold improvement	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2024									
Cost	9,663,529	11,235,119	1,191,432	117,028	982,473	–	10,600,543	1,179,457	34,969,581
Accumulated depreciation	(2,059,499)	(2,371,441)	(627,715)	(58,105)	(401,599)	–	–	(610,640)	(6,128,999)
Carrying amounts	7,604,030	8,863,678	563,717	58,923	580,874	–	10,600,543	568,817	28,840,582
Opening carrying amounts	7,604,030	8,863,678	563,717	58,923	580,874	–	10,600,543	568,817	28,840,582
Additions	986,046	934,995	14,672	18,088	61,910	93,834	2,974,210	13,619	5,097,374
Disposals	(204)	(56,911)	(3,779)	(917)	(3,842)	–	(3,301)	(752)	(69,706)
Transfers from construction in progress	1,330,199	2,007,585	61,080	2,355	352,146	–	(3,766,668)	13,303	–
Depreciation charges	(554,050)	(837,016)	(143,634)	(16,595)	(96,071)	–	–	(78,331)	(1,725,697)
Transfers into construction in progress	–	(1,296,813)	(34,442)	(530)	(3,182)	–	1,334,967	–	–
Currency translation differences	–	(5,855)	(173)	(9)	(40)	–	(894)	(260)	(7,231)
Closing carrying amounts	9,366,021	9,609,663	457,441	61,315	891,795	93,834	11,138,857	516,396	32,135,322
At September 30, 2024									
Cost	11,979,692	12,465,153	1,169,928	132,181	1,371,016	93,834	11,138,857	1,205,367	39,556,028
Accumulated depreciation	(2,613,671)	(2,855,490)	(712,487)	(70,866)	(479,221)	–	–	(688,971)	(7,420,706)
Carrying amounts	9,366,021	9,609,663	457,441	61,315	891,795	93,834	11,138,857	516,396	32,135,322

APPENDIX I

ACCOUNTANTS’ REPORT

	Buildings	Machinery	Electronic devices	Motor vehicles	Other equipment	Freehold land	Construction in progress	Leasehold improvement	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2025									
Cost	13,211,129	15,177,539	1,298,013	159,543	1,367,750	92,166	8,125,362	1,199,815	40,631,317
Accumulated depreciation	(2,859,433)	(2,984,203)	(765,391)	(75,513)	(499,804)	–	–	(706,170)	(7,890,514)
Carrying amounts	10,351,696	12,193,336	532,622	84,030	867,946	92,166	8,125,362	493,645	32,740,803
Opening carrying amounts	10,351,696	12,193,336	532,622	84,030	867,946	92,166	8,125,362	493,645	32,740,803
Additions	398,671	483,388	97,858	11,324	51,265	–	4,854,209	191,457	6,088,172
Disposals	(93,720)	(100,627)	(2,273)	(37)	(3,264)	–	(885)	(44,736)	(245,542)
Transfers from construction in progress	507,092	2,073,696	99,296	8,341	225,163	–	(3,062,674)	149,086	–
Depreciation charges	(602,508)	(1,103,340)	(160,903)	(20,472)	(132,499)	–	–	(69,950)	(2,089,672)
Transfers into construction in progress	–	(1,479,963)	(82,279)	–	(3,975)	–	1,566,217	–	–
Currency translation differences	–	(16,314)	(503)	145	(160)	3,507	18,826	(508)	4,993
Closing carrying amounts	10,561,231	12,050,176	483,818	83,331	1,004,476	95,673	11,501,055	718,994	36,498,754
At September 30, 2025									
Cost	14,023,174	15,827,449	1,384,312	179,116	1,622,522	95,673	11,501,055	1,495,114	46,128,415
Accumulated depreciation	(3,461,943)	(3,777,273)	(900,494)	(95,785)	(618,046)	–	–	(776,120)	(9,629,661)
Carrying amounts	10,561,231	12,050,176	483,818	83,331	1,004,476	95,673	11,501,055	718,994	36,498,754

- (a) Property, plant, and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements, the shorter of lease term as follows:

Buildings	10-40 years
Machinery	5-10 years
Electronic devices	2-5 years
Motor vehicles	3-5 years
Other equipment	2-20 years
Leasehold improvement	Shorter of their useful life and lease term

See Note 48 for the other accounting policies relevant to property, plant and equipment.

- (b) Depreciation of the Group’s property, plant and equipment has been recognized as follows:

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Cost of revenue	1,141,080	1,677,324	2,036,891	1,449,283	1,750,902
Selling and marketing expenses	1,186	4,236	2,063	1,984	1,920
General and administrative expenses	136,578	182,590	229,652	168,029	179,609
Research and development expenses	172,048	130,706	155,538	106,401	157,241
	1,450,892	1,994,856	2,424,144	1,725,697	2,089,672

- (c) As at December 31, 2022, 2023 and 2024, and September 30, 2025, property, plant and equipment with carrying amounts of approximately RMB1,261,566,000, RMB1,919,801,000, RMB2,292,013,000 and RMB6,814,858,000 were pledged for bank and other borrowings.

APPENDIX I

ACCOUNTANTS’ REPORT

The Company

	Buildings	Machinery	Electronic devices	Motor vehicles	Other equipment	Construction in progress	Leasehold improvement	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2022								
Cost.	561,812	2,214,943	580,948	29,716	179,353	277,135	151,026	3,994,933
Accumulated depreciation.	(121,840)	(285,531)	(206,239)	(17,005)	(108,845)	–	(44,543)	(784,003)
Carrying amounts	439,972	1,929,412	374,709	12,711	70,508	277,135	106,483	3,210,930
Opening carrying amounts	439,972	1,929,412	374,709	12,711	70,508	277,135	106,483	3,210,930
Additions	615	443,209	133,761	9,836	47,056	504,602	292	1,139,371
Transfers from construction in progress	10,301	657,486	108,376	–	47,266	(830,774)	7,345	–
Transfers into construction in progress	–	(627,167)	(89,290)	–	(4,597)	721,054	–	–
Disposals	(4,878)	(73,859)	(20,330)	(40)	(2,299)	–	–	(101,406)
Depreciation charges	(24,003)	(217,719)	(119,927)	(5,426)	(27,641)	–	(20,664)	(415,380)
Closing carrying amounts	422,007	2,111,362	387,299	17,081	130,293	672,017	93,456	3,833,515
At December 31, 2022								
Cost.	579,776	2,512,486	663,399	38,122	255,469	672,017	137,999	4,859,268
Accumulated depreciation.	(157,769)	(401,124)	(276,100)	(21,041)	(125,176)	–	(44,543)	(1,025,753)
Carrying amounts	422,007	2,111,362	387,299	17,081	130,293	672,017	93,456	3,833,515
	Buildings	Machinery	Electronic devices	Motor vehicles	Other equipment	Construction in progress	Leasehold improvement	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2023								
Cost.	579,776	2,512,486	663,399	38,122	255,469	672,017	137,999	4,859,268
Accumulated depreciation.	(157,769)	(401,124)	(276,100)	(21,041)	(125,176)	–	(44,543)	(1,025,753)
Carrying amounts	422,007	2,111,362	387,299	17,081	130,293	672,017	93,456	3,833,515
Opening carrying amounts	422,007	2,111,362	387,299	17,081	130,293	672,017	93,456	3,833,515
Additions	2,153	213,046	59,897	1,556	22,733	432,819	3,420	735,624
Transfers from construction in progress	5,564	878,302	68,942	–	15,061	(980,252)	12,383	–
Transfers into construction in progress	–	(570,374)	(58,205)	–	(3,532)	632,111	–	–
Disposals	(2,454)	(152,943)	(21,500)	(116)	(6,374)	–	–	(183,387)
Depreciation charges	(24,670)	(263,195)	(109,298)	(5,378)	(37,709)	–	(27,493)	(467,743)
Closing carrying amounts	402,600	2,216,198	327,135	13,143	120,472	756,695	81,766	3,918,009
At December 31, 2023								
Cost.	571,000	2,802,216	686,533	37,426	266,708	756,695	153,802	5,274,380
Accumulated depreciation.	(168,400)	(586,018)	(359,398)	(24,283)	(146,236)	–	(72,036)	(1,356,371)
Carrying amounts	402,600	2,216,198	327,135	13,143	120,472	756,695	81,766	3,918,009

APPENDIX I

ACCOUNTANTS’ REPORT

	Buildings	Machinery and equipment	Electronic devices	Motor vehicles	Other equipment	Construction in progress	Leasehold improvement	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2024								
Cost.	571,000	2,802,216	686,533	37,426	266,708	756,695	153,802	5,274,380
Accumulated depreciation.	(168,400)	(586,018)	(359,398)	(24,283)	(146,236)	–	(72,036)	(1,356,371)
Carrying amounts	402,600	2,216,198	327,135	13,143	120,472	756,695	81,766	3,918,009
Opening carrying amounts	402,600	2,216,198	327,135	13,143	120,472	756,695	81,766	3,918,009
Additions	1,056	289,570	2,983	1,030	5,371	594,462	669	895,141
Transfers from construction in progress	803,369	806,655	94,544	2,374	25,790	(1,745,011)	12,279	–
Transfers into construction in progress	–	(687,559)	(40,815)	–	(2,887)	731,261	–	–
Disposals	(21,105)	(63,775)	(13,731)	(157)	(1,304)	–	–	(100,072)
Depreciation charges	(34,186)	(252,026)	(91,870)	(4,949)	(35,412)	–	(30,140)	(448,583)
Closing carrying amounts	1,151,734	2,309,063	278,246	11,441	112,030	337,407	64,574	4,264,495
At December 31, 2024								
Cost.	1,368,612	2,954,874	667,116	38,994	276,756	337,407	166,750	5,810,509
Accumulated depreciation.	(216,878)	(645,811)	(388,870)	(27,553)	(164,726)	–	(102,176)	(1,546,014)
Carrying amounts	1,151,734	2,309,063	278,246	11,441	112,030	337,407	64,574	4,264,495
<i>(Unaudited)</i>								
	Buildings	Machinery and equipment	Electronic devices	Motor vehicles	Other equipment	Construction in progress	Leasehold improvement	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2024								
Cost.	571,000	2,802,216	686,533	37,426	266,708	756,695	153,802	5,274,380
Accumulated depreciation.	(168,400)	(586,018)	(359,398)	(24,283)	(146,236)	–	(72,036)	(1,356,371)
Carrying amounts	402,600	2,216,198	327,135	13,143	120,472	756,695	81,766	3,918,009
Opening carrying amounts	402,600	2,216,198	327,135	13,143	120,472	756,695	81,766	3,918,009
Additions	1,829	62,244	3,855	1,030	2,721	663,293	758	735,730
Transfers from construction in progress	619,008	532,327	10,036	1,887	23,239	(1,187,402)	905	–
Transfers into construction in progress	–	(598,722)	(34,323)	–	(2,716)	635,761	–	–
Disposals	–	(54,885)	(11,140)	(157)	(628)	–	(277)	(67,087)
Depreciation charges	(23,454)	(184,834)	(70,905)	(3,729)	(27,442)	–	(21,336)	(331,700)
Closing carrying amounts	999,983	1,972,328	224,658	12,174	115,646	868,347	61,816	4,254,952
At September 30, 2024								
Cost.	1,191,837	2,578,309	597,545	38,507	274,269	868,347	155,189	5,704,003
Accumulated depreciation.	(191,854)	(605,981)	(372,887)	(26,333)	(158,623)	–	(93,373)	(1,449,051)
Carrying amounts	999,983	1,972,328	224,658	12,174	115,646	868,347	61,816	4,254,952

APPENDIX I

ACCOUNTANTS’ REPORT

	Buildings	Machinery and equipment	Electronic devices	Motor vehicles	Other equipment	Construction in progress	Leasehold improvement	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At January 1, 2025								
Cost.	1,368,612	2,954,874	667,116	38,994	276,756	337,407	166,750	5,810,509
Accumulated depreciation.	(216,878)	(645,811)	(388,870)	(27,553)	(164,726)	–	(102,176)	(1,546,014)
Carrying amounts	1,151,734	2,309,063	278,246	11,441	112,030	337,407	64,574	4,264,495
Opening carrying amounts	1,151,734	2,309,063	278,246	11,441	112,030	337,407	64,574	4,264,495
Additions	768	–	45,433	1,178	21,517	675,895	62	744,853
Transfers from construction in progress	2,657	621,906	–	–	–	(626,115)	1,552	–
Transfers into construction in progress	–	(661,377)	(30,744)	–	(2,192)	694,313	–	–
Disposals	(221)	(64,170)	(3,664)	(76)	(2,247)	(95)	(327)	(70,800)
Depreciation charges	(32,847)	(189,759)	(72,855)	(3,287)	(21,821)	–	(21,042)	(341,611)
Closing carrying amounts	1,122,091	2,015,663	216,416	9,256	107,287	1,081,405	44,819	4,596,937
At September 30, 2025								
Cost.	1,371,815	2,715,063	627,772	39,707	274,059	1,081,405	168,038	6,277,859
Accumulated depreciation.	(249,724)	(699,400)	(411,356)	(30,451)	(166,772)	–	(123,219)	(1,680,922)
Carrying amounts	1,122,091	2,015,663	216,416	9,256	107,287	1,081,405	44,819	4,596,937

18. LEASES

This note provides information for leases where the Group is a lessee.

(a) Amounts Recognized in the Consolidated Statements of Financial Position

The Group

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Right-of-use assets				
Land use right	568,550	555,146	562,432	642,068
Buildings	1,634,318	2,769,370	2,433,743	2,436,767
Others	184	1,399	1,361	15,195
	<u>2,203,052</u>	<u>3,325,915</u>	<u>2,997,536</u>	<u>3,094,030</u>
Lease liabilities				
Current	174,619	304,436	288,658	304,499
Non-current	1,653,804	2,458,406	2,578,670	2,662,099
	<u>1,828,423</u>	<u>2,762,842</u>	<u>2,867,328</u>	<u>2,966,598</u>

APPENDIX I

ACCOUNTANTS’ REPORT

Additions to the right-of-use assets during the years ended December 31, 2022, 2023 and 2024, and the nine months ended September 30, 2024 and 2025 were approximately RMB1,311,427,000, RMB1,463,567,000, RMB439,083,000, RMB171,629,000 and RMB425,872,000, respectively.

The Company

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Right-of-use assets				
Land use right	113,452	109,312	105,172	102,067
Buildings	193,226	169,919	90,801	60,528
	<u>306,678</u>	<u>279,231</u>	<u>195,973</u>	<u>162,595</u>
Lease liabilities				
Current	81,604	102,776	56,959	36,034
Non-current	127,375	78,355	41,639	26,932
	<u>208,979</u>	<u>181,131</u>	<u>98,598</u>	<u>62,966</u>

Additions to the right-of-use assets during the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2024 and 2025 were approximately RMB111,254,000, RMB119,291,000, RMB37,016,000, RMB5,299,000 and RMB15,905,000, respectively.

- (b) The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee’s incremental borrowing rate is used. The discount rate used during the years ended December 31, 2022, 2023 and 2024, and the nine months ended September 30, 2024 and 2025 were ranged from 3.45% to 4.65%, 3.45% to 6.00%, 3.10% to 7.00%, 3.10% to 7.00% and 2.60% to 7.00%, respectively.

(c) Amounts Recognized in the Consolidated Statements of Profit or Loss

The consolidated statements of profit or loss and the consolidated statements of cash flows contain the following amounts relating to leases:

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Depreciation charge of right-of-use assets:					
– Land use right	14,090	14,158	14,653	10,845	12,319
– Buildings	277,478	302,508	361,313	264,876	256,120
– Machinery equipment	–	–	–	–	706
– Others	442	575	536	371	1,012
	<u>292,010</u>	<u>317,241</u>	<u>376,502</u>	<u>276,092</u>	<u>270,157</u>

APPENDIX I

ACCOUNTANTS’ REPORT

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Interest expense (including in finance costs)	79,591	100,026	121,406	89,188	89,979
Expense relating to short-term and low value leases not included in lease liabilities . .	48,454	66,602	52,726	41,406	50,076

The total cash outflows for lease payments during the years ended December 31, 2022, 2023 and 2024, and the nine months ended September 30, 2024 and 2025 were approximately RMB229,539,000, RMB662,864,000, RMB483,515,000, RMB259,099,000 and RMB319,452,000, respectively.

The Group leases properties, offices and land-use-right as lessee. Lease contracts are typically made for fixed periods from 3 to 20 years. They are stated at cost less accumulated depreciation and accumulated impairment losses.

See Note 48 for the other accounting policies relevant to lease.

19. INTANGIBLE ASSETS

The Group

	Software	Patent right	Goodwill	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2022				
Cost	101,301	44,415	70,729	216,445
Accumulated amortization	(49,259)	(30,901)	–	(80,160)
Carrying amounts	52,042	13,514	70,729	136,285
Year ended December 31, 2022				
Opening carrying amounts	52,042	13,514	70,729	136,285
Additions	34,529	–	–	34,529
Disposals	(1,314)	–	–	(1,314)
Amortization charges	(20,601)	(4,558)	–	(25,159)
Closing carrying amounts	64,656	8,956	70,729	144,341
At December 31, 2022				
Cost	132,782	44,379	70,729	247,890
Accumulated amortization	(68,126)	(35,423)	–	(103,549)
Carrying amounts	64,656	8,956	70,729	144,341

APPENDIX I

ACCOUNTANTS’ REPORT

	Software	Patent right	Goodwill	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2023				
Cost	132,782	44,379	70,729	247,890
Accumulated amortization	(68,126)	(35,423)	–	(103,549)
Carrying amounts	64,656	8,956	70,729	144,341
Year ended December 31, 2023				
Opening carrying amounts	64,656	8,956	70,729	144,341
Additions	66,518	–	–	66,518
Disposals	(393)	–	–	(393)
Business combination (<i>Note 43</i>)	–	–	32,626	32,626
Amortization charges	(28,339)	(4,558)	–	(32,897)
Closing carrying amounts	102,442	4,398	103,355	210,195
At December 31, 2023				
Cost	198,782	44,379	103,355	346,516
Accumulated amortization	(96,340)	(39,981)	–	(136,321)
Carrying amounts	102,442	4,398	103,355	210,195
	Software	Patent right	Goodwill	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2024				
Cost	198,782	44,379	103,355	346,516
Accumulated amortization	(96,340)	(39,981)	–	(136,321)
Carrying amounts	102,442	4,398	103,355	210,195
Year ended December 31, 2024				
Opening carrying amounts	102,442	4,398	103,355	210,195
Additions	81,858	4,133	–	85,991
Disposals	(145)	–	–	(145)
Amortization charges	(44,122)	(4,497)	–	(48,619)
Closing carrying amounts	140,033	4,034	103,355	247,422
At December 31, 2024				
Cost	279,478	48,512	103,355	431,345
Accumulated amortization	(139,445)	(44,478)	–	(183,923)
Carrying amounts	140,033	4,034	103,355	247,422

APPENDIX I

ACCOUNTANTS’ REPORT

(Unaudited)

	Software	Patent right	Goodwill	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2024				
Cost	198,782	44,379	103,355	346,516
Accumulated amortization	(96,340)	(39,981)	–	(136,321)
Carrying amounts	102,442	4,398	103,355	210,195
Nine months ended				
September 30, 2024				
Opening carrying amounts	102,442	4,398	103,355	210,195
Additions	61,727	4,133	–	65,860
Disposals	(23)	–	–	(23)
Amortization charges	(31,665)	(3,842)	–	(35,507)
Closing carrying amounts	132,481	4,689	103,355	240,525
At September 30, 2024				
Cost	260,383	48,512	103,355	412,250
Accumulated amortization	(127,902)	(43,823)	–	(171,725)
Carrying amounts	132,481	4,689	103,355	240,525
	Software	Patent right	Goodwill	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2025				
Cost	279,478	48,512	103,355	431,345
Accumulated amortization	(139,445)	(44,478)	–	(183,923)
Carrying amounts	140,033	4,034	103,355	247,422
Nine months ended				
September 30, 2025				
Opening carrying amounts	140,033	4,034	103,355	247,422
Additions	33,308	–	–	33,308
Disposals	(826)	–	–	(826)
Amortization charges	(36,816)	(741)	–	(37,557)
Closing carrying amounts	135,699	3,293	103,355	242,347
At September 30, 2025				
Cost	306,775	48,512	103,355	458,642
Accumulated amortization	(171,076)	(45,219)	–	(216,295)
Carrying amounts	135,699	3,293	103,355	242,347

APPENDIX I

ACCOUNTANTS’ REPORT

The Company

	Software	Patent right	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At January 1, 2022			
Cost	57,937	1,200	59,137
Accumulated amortization	(38,079)	(280)	(38,359)
Carrying amounts	19,858	920	20,778
Year ended December 31, 2022			
Opening carrying amounts	19,858	920	20,778
Additions	6,098	–	6,098
Disposals	(251)	–	(251)
Amortization charges	(10,260)	(240)	(10,500)
Closing carrying amounts	15,445	680	16,125
At December 31, 2022			
Cost	63,736	1,200	64,936
Accumulated amortization	(48,291)	(520)	(48,811)
Carrying amounts	15,445	680	16,125
	Software	Patent right	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At January 1, 2023			
Cost	63,736	1,200	64,936
Accumulated amortization	(48,291)	(520)	(48,811)
Carrying amounts	15,445	680	16,125
Year ended December 31, 2023			
Opening carrying amounts	15,445	680	16,125
Additions	9,015	–	9,015
Amortization charges	(8,555)	(240)	(8,795)
Closing carrying amounts	15,905	440	16,345
At December 31, 2023			
Cost	72,751	1,200	73,951
Accumulated amortization	(56,846)	(760)	(57,606)
Carrying amounts	15,905	440	16,345

APPENDIX I

ACCOUNTANTS’ REPORT

	Software	Patent	Total
	RMB'000	RMB'000	RMB'000
At January 1, 2024			
Cost	72,751	1,200	73,951
Accumulated amortization	(56,846)	(760)	(57,606)
Carrying amounts	15,905	440	16,345
Year ended December 31, 2024			
Opening carrying amounts	15,905	440	16,345
Additions	30,044	–	30,044
Amortization charges	(10,724)	(240)	(10,964)
Closing carrying amounts	35,225	200	35,425
At December 31, 2024			
Cost	102,795	1,200	103,995
Accumulated amortization	(67,570)	(1,000)	(68,570)
Carrying amounts	35,225	200	35,425
<i>(Unaudited)</i>			
	Software	Patent right	Total
	RMB'000	RMB'000	RMB'000
At January 1, 2024			
Cost	72,751	1,200	73,951
Accumulated amortization	(56,846)	(760)	(57,606)
Carrying amounts	15,905	440	16,345
Nine months ended			
September 30, 2024			
Opening carrying amounts	15,905	440	16,345
Additions	16,239	–	16,239
Amortization charges	(7,411)	(180)	(7,591)
Closing carrying amounts	24,733	260	24,993
At September 30, 2024			
Cost	88,991	1,200	90,191
Accumulated amortization	(64,258)	(940)	(65,198)
Carrying amounts	24,733	260	24,993
	Software	Patent right	Total
	RMB'000	RMB'000	RMB'000
At January 1, 2025			
Cost	102,795	1,200	103,995
Accumulated amortization	(67,570)	(1,000)	(68,570)
Carrying amounts	35,225	200	35,425
Nine months ended			
September 30, 2025			
Opening carrying amounts	35,225	200	35,425
Additions	10,665	–	10,665
Amortization charges	(10,021)	(180)	(10,201)
Closing carrying amounts	35,869	20	35,889
At September 30, 2025			
Cost	113,460	1,200	114,660
Accumulated amortization	(77,591)	(1,180)	(78,771)
Carrying amounts	35,869	20	35,889

APPENDIX I

ACCOUNTANTS’ REPORT

(a) Amortization expenses have been charged to the consolidated statements of profit or loss as follows:

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Cost of revenue	8,188	9,917	10,143	6,854	8,469
General and administrative expenses	74	1,324	387	350	115
Selling and marketing expenses	7,211	10,004	14,033	12,898	11,960
Research and development expenses	9,686	11,652	24,056	15,405	17,013
	<u>25,159</u>	<u>32,897</u>	<u>48,619</u>	<u>35,507</u>	<u>37,557</u>

(b) Impairment Tests for Goodwill

Goodwill is not subject to amortization and is tested for impairment annually, or more frequently if events or changes in circumstances indicate that they might be impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets.

The carrying amounts of goodwill allocated to the cash generating units or group of cash generating units (“CGU” or “CGUs”) are as follows:

	Opening	Addition	Impairment	Closing
	RMB'000	RMB'000	RMB'000	RMB'000
Year ended December 31, 2022				
Dongguan Liwei Energy Technology Co., Ltd. (“Dongguan Liwei”) (i)	51,212	—	—	51,212
Shenzhen Qianhai Dianjin Factoring Co., Ltd. (“Shenzhen Qianhai”) (iii)	11,571	—	—	11,571
Yuzhou Yuke Photovoltaic Power Co., Ltd. (“Yuzhou Yuke”) (ii)	7,946	—	—	7,946
	<u>70,729</u>	<u>—</u>	<u>—</u>	<u>70,729</u>
	Opening	Addition	Impairment	Closing
	RMB'000	RMB'000	RMB'000	RMB'000
Year ended December 31, 2023				
Dongguan Liwei (i)	51,212	—	—	51,212
Ganzhou Junsheng Environmental Technology Co., Ltd. (“Ganzhou Junsheng”) (iv)	—	32,626	—	32,626
Shenzhen Qianhai (iii)	11,571	—	—	11,571
Yuzhou Yuke (ii)	7,946	—	—	7,946
	<u>70,729</u>	<u>32,626</u>	<u>—</u>	<u>103,355</u>

APPENDIX I

ACCOUNTANTS’ REPORT

	Opening	Addition	Impairment	Closing
	RMB'000	RMB'000	RMB'000	RMB'000
Year ended December 31, 2024				
Dongguan Liwei (i)	51,212	—	—	51,212
Ganzhou Junsheng (iv)	32,626	—	—	32,626
Shenzhen Qianhai (iii)	11,571	—	—	11,571
Yuzhou Yuke (ii).	7,946	—	—	7,946
	103,355	—	—	103,355
	Opening	Addition	Impairment	Closing
	RMB'000	RMB'000	RMB'000	RMB'000
Period ended September 30, 2025				
Dongguan Liwei (i)	51,212	—	—	51,212
Ganzhou Junsheng (iv)	32,626	—	—	32,626
Shenzhen Qianhai (iii)	11,571	—	—	11,571
Yuzhou Yuke (ii).	7,946	—	—	7,946
	103,355	—	—	103,355

- (i) The goodwill is generated from business combination of Dongguan Liwei. Management regards Dongguan Liwei as a separate CGU and reviews the business performance and monitors the goodwill on the individual CGU basis.
- (ii) The goodwill is generated from business combination of Yuzhou Yuke. Management regards Yuzhou Yuke as a separate CGU and reviews the business performance and monitors the goodwill on the individual CGU basis.
- (iii) The goodwill is generated from business combination of Shenzhen Qianhai. Management regards Shenzhen Qianhai as a separate CGU and reviews the business performance and monitors the goodwill on the individual CGU basis.
- (iv) The goodwill is acquired from business combination of Ganzhou Junsheng in 2023. Management regards Ganzhou Junsheng as a separate CGU and reviews the business performance and monitors the goodwill on the individual CGU basis.

The following table sets out the key assumptions for these CGUs that have goodwill allocated to them:

Year ended December 31, 2022

	Dongguan Liwei	Yuzhou Yuke	Shenzhen Qianhai
Revenue annual growth rates	5% to 19.27%	(1.50%)	6.43% to 15.38%
Profit margin	5.52% to 7.99%	66.7% to 68.65%	59.68% to 61.54%
Perpetual annual growth rates.	0.00%	0.00%	0.00%
Pre-tax discount rates.	17.01%	15.36%	14.29%

APPENDIX I

ACCOUNTANTS’ REPORT

Year ended December 31, 2023

	<u>Dongguan Liwei</u>	<u>Yuzhou Yuke</u>	<u>Shenzhen Qianhai</u>	<u>Ganzhou Junsheng</u>
Revenue annual growth rates	0.04% to 3.36%	1.82% to 12.05%	5% to 25.84%	3% to 5%
Profit margin	10.57% to 11.53%	53.85% to 55.36%	54.76% to 57.14%	5.73% to 7.79%
Perpetual annual growth rates.	0.00%	0.00%	0.00%	0.00%
Pre-tax discount rates.	17.35%	14.10%	13.16%	13.11%

Year ended December 31, 2024

	<u>Dongguan Liwei</u>	<u>Yuzhou Yuke</u>	<u>Shenzhen Qianhai</u>	<u>Ganzhou Junsheng</u>
Revenue annual growth rates	(2.19%) to 3.43%	(0.8%) to 0.13%	5% to 5.53%	(12.03%) to 3.14%
Profit margin	10.45% to 12.09%	59.16% to 60.72%	86.48%	8.22% to 8.63%
Perpetual annual growth rates.	0.00%	0.00%	0.00%	0.00%
Pre-tax discount rates.	15.60%	13.53%	12.55%	13.26%

Nine months ended September 30, 2025

	<u>Dongguan Liwei</u>	<u>Yuzhou Yuke</u>	<u>Shenzhen Qianhai</u>	<u>Ganzhou Junsheng</u>
Revenue annual growth rates	(1.96%) to 2.81%	(14.85%) to 1.52%	1% to 31.02%	0.00% to 39.25%
Profit margin	13.72% to 14.57%	51.67% to 57.63%	79.41% to 83.28%	7.21% to 7.44%
Perpetual annual growth rates.	0.00%	0.00%	0.00%	0.00%
Pre-tax discount rates.	15.19%	14.14%	12.20%	10.19%

Management has determined the values assigned to each of the above key assumptions as follows:

<u>Assumption</u>	<u>Approach used to determine values</u>
Revenue annual growth rates	Revenue annual growth rate is estimated over the five-year forecast period. The management of the Group used a five-year period as the projection period for the cash flow forecast, which was in line with the period length used in the corresponding strategic planning and long-term budgeting purpose.
Profit margin	Based on past performance and management’s expectations for the future.
Perpetual annual growth rates	This is the weighted average growth rate used to extrapolate cash flows beyond the forecast period. The rates are determined after making reference to long term inflation rate of the countries in which they operate. The perpetual annual growth rates remained stable which was due to the fact that the long-term inflation rates of the relevant countries were relatively stable during the Track Record Period.
Pre-tax discount rates.	Estimated by using the weighted average cost of capital (“WACC”) method. The WACC was calculated by referring to public market data including risk free rate, market return, beta of comparable public companies etc. and the specific risk of the business.

APPENDIX I

ACCOUNTANTS’ REPORT

(c) Impact of possible changes in key assumptions

Based on management’s assessment on the recoverable amounts, the headroom of these CGUs as follows:

The Group

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Dongguan Liwei	8,818	14,392	6,578	77,655
Yuzhou Yuke	23,729	14,494	24,845	36,360
Shenzhen Qianhai	75,140	71,038	81,770	87,014
Ganzhou Junsheng	—	22,143	7,714	39,353

Sensitivity analysis has been performed based on the assumptions that revenue annual growth rates, profit margin and pre-tax discount rates has been changed. Had the estimated key assumptions during the forecast period been changed as shown below, while other parameters remain constant, the difference between the carrying amount and the recoverable amount of the CGUs would be as follows:

For Dongguan Liwei CGU

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Average revenue annual growth rate decreased				
by 0.5%	2,183	9,024	(385)	68,657
Profit margin decreased by 0.5%	(43,349)	(20,343)	(23,397)	44,548
Pre-tax discount rate increased by 0.5%	(2,410)	6,641	(1,046)	64,698

For Yuzhou Yuke CGU

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Average revenue annual growth rate decreased				
by 0.5%	14,691	10,695	20,507	31,859
Profit margin decreased by 0.5%	17,342	12,547	23,193	34,574
Pre-tax discount rate increased by 0.5%	12,269	6,322	15,692	40,323

For Shenzhen Qianhai CGU

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Average revenue annual growth rate decreased				
by 0.5%	72,945	68,437	79,037	84,562
Profit margin decreased by 0.5%	73,760	69,789	80,898	86,133
Pre-tax discount rate increased by 0.5%	71,232	66,645	77,098	82,251

APPENDIX I

ACCOUNTANTS’ REPORT

For Ganzhou Junsheng CGU

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Average revenue annual growth rate decreased by 0.5%	—	20,237	7,019	33,430
Profit margin decreased by 0.5% . . .	—	15,732	3,510	7,972
Pre-tax discount rate increased by 0.5%.	—	19,197	2,559	32,180

Based on the results of impairment test as at December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, the recoverable amount of Shenzhen Qianhai CGU, Yuzhou Yuke CGU and Ganzhou Junsheng CGU are significantly above the carrying amount of the Group. Management of the Group believes that any reasonably possible change in any of the key assumptions would not result in impairment.

For Dongguan Liwei CGU, even though the goodwill impairment test results as at December 31, 2022, 2023 and 2024 are sensitive to the profit margin. However, management believes there is no risk of impairment, as the profit margin used in the testing were set at a relatively prudent level below actual performance. Moreover, since the actual profit margin has shown a consistent upward trend since 2022 with no foreseeable decline, and given the continued improvement in financial performance, the goodwill impairment test result as of September 30, 2025, significantly exceeds the carrying amount of the CGU.

The following table sets out the reasonably possible change in key parameters that, after incorporating any consequential effects of that change on the other variables, would cause the carrying amount of the CGU to be equal to its recoverable amount:

For Dongguan CGU

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	%	%	%	%
Average revenue annual growth rate	(0.67)	(1.37)	(0.48)	(4.73)
Profit margin	(0.09)	(0.21)	(0.11)	(1.18)
Pre-tax discount rate	0.40	0.96	0.43	3.58

For Yuzhou Yuke CGU

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	%	%	%	%
Average revenue annual growth rate	(2.23)	(1.96)	(3.03)	(6.78)
Profit margin	(5.42)	(3.73)	(7.53)	(15.01)
Pre-tax discount rate	1.48	0.92	1.45	5.51

APPENDIX I

ACCOUNTANTS’ REPORT

For Shenzhen Qianhai CGU

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	%	%	%	%
Average revenue annual growth rate	(25.56)	(17.94)	(24.09)	(33.17)
Profit margin	(27.25)	(28.42)	(46.87)	(49.42)
Pre-tax discount rate	27.20	20.73	27.10	33.96

For Ganzhou Junsheng CGU

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	%	%	%	%
Average revenue annual growth rate	—	(6.45)	(5.75)	(3.57)
Profit margin	—	(1.73)	(0.92)	(0.6)
Pre-tax discount rate	—	5.03	0.77	(3.53)

(d) Amortization Methods and Periods

(i) Software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire the specific software.

(ii) Patent right

Patent rights are initially recognized at fair value on the acquisition date and subsequently carried at cost less accumulated amortization and impairment losses.

The Group amortizes intangible assets with a limited useful life using the straight-line method over the following periods:

Software	5-10 years
Patent right	10 years

(e) Research and Development

Research expenditure is recognized as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new and improved products) are recognized as intangible assets when the following criteria are met:

- It is technically feasible to complete the product so that it will be available for use;
- Management intends to complete the product and use or sell it;
- There is an ability to use or sell the product;
- It can be demonstrated how the product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the product are available; and
- The expenditure attributable to the product during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

APPENDIX I

ACCOUNTANTS’ REPORT

20. FINANCIAL INSTRUMENTS BY CATEGORY

The detailed information of financial instruments by category during the Track Record Period is as below:

The Group

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets				
Financial assets measured at fair value:				
Notes receivables at FVOCI				
<i>(Note 15)</i>	295,691	561,006	658,422	511,101
Equity instruments at FVOCI				
<i>(Note 15)</i>	91,897	91,897	88,978	88,978
Derivative financial instruments	–	961	207,590	470,265
Other financial assets at FVPL				
<i>(Note 15)</i>	1,102,712	1,517,848	1,435,646	1,741,551
Wealth management products	110,000	404,420	151,375	344,676
	1,600,300	2,576,132	2,542,011	3,156,571
Financial assets measured at amortized cost:				
Trade and notes receivables <i>(Note 22)</i> .	13,432,024	12,784,172	16,513,049	17,400,770
Restricted cash and term deposits				
<i>(Note 27)</i>	8,256,250	4,767,350	8,433,659	10,457,104
Cash and cash equivalents <i>(Note 27)</i> . .	11,097,753	13,668,744	9,465,822	11,145,952
Other receivables <i>(Note 23)</i>	636,729	527,816	870,577	538,267
	33,422,756	31,748,082	35,283,107	39,542,093
Financial liabilities				
Financial liabilities measured at fair value:				
Derivative financial liabilities	–	–	349,636	373,018
Convertible bonds	1,144,000	–	–	–
Financial liabilities at fair value through profit or loss				
– Redemption liabilities	4,583	19,807	84,136	229,768
– Contingent consideration	–	3,000	7,000	3,000
	1,148,583	22,807	440,772	605,786
Financial liabilities measured at amortized cost:				
Trade and notes payables <i>(Note 29)</i> . .	23,172,672	19,119,220	24,984,037	28,451,856
Accruals and other payables (excluding non-financial liabilities) <i>(Note 30)</i> . .	3,380,245	2,547,811	2,407,119	2,709,630
Lease liabilities <i>(Note 18)</i>	1,828,423	2,762,842	2,867,328	2,966,598
Borrowings <i>(Note 28)</i>	15,324,043	17,592,697	19,273,473	26,728,286
	43,705,383	42,022,570	49,531,957	60,856,370

APPENDIX I

ACCOUNTANTS’ REPORT

21. DEFERRED TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right of offsetting and when the deferred income taxes relate to the same authority. The net amounts of deferred tax assets and liabilities after offsetting are as follows:

The Group

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Gross deferred tax assets	1,463,845	2,060,571	2,153,686	2,324,902
Offsetting against deferred tax liabilities.	(696,037)	(904,312)	(915,942)	(1,061,638)
Net deferred tax assets	767,808	1,156,259	1,237,744	1,263,264
Gross deferred tax liabilities	894,123	1,204,017	1,281,143	1,405,688
Offsetting against deferred tax assets . . .	(696,037)	(904,312)	(915,942)	(1,061,638)
Net deferred tax liabilities	198,086	299,705	365,201	344,050

The Company

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Gross deferred tax assets	63,357	49,726	43,689	84,784
Offsetting against deferred tax liabilities.	(63,357)	(49,726)	(43,689)	(84,784)
Net deferred tax assets	–	–	–	–
Gross deferred tax liabilities	137,786	152,870	175,715	167,582
Offsetting against deferred tax assets . . .	(63,357)	(49,726)	(43,689)	(84,784)
Net deferred tax liabilities	74,429	103,144	132,026	82,798

APPENDIX I

ACCOUNTANTS’ REPORT

The movements in deferred tax assets and liabilities before offsetting are as follows:

(a) Deferred Tax Assets

The Group

	Tax losses	Loss allowance and impairment provision	Government grants (i)	Share- based payment expenses	Unrealised profits	Lease liabilities	Provisions for warranties and other expenses	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2022	33,274	77,593	67,697	18,571	156,800	4,717	1,149	4	359,805
Credited/(charged) to profit or loss (<i>Note 11</i>)	440,795	87,075	15,102	(49,283)	14,047	419,861	62,722	71,602	1,061,921
Currency translation difference	–	(45)	–	–	–	–	(28)	–	(73)
Directly to equity	–	–	–	42,192	–	–	–	–	42,192
At December 31, 2022	474,069	164,623	82,799	11,480	170,847	424,578	63,843	71,606	1,463,845
At January 1, 2023	474,069	164,623	82,799	11,480	170,847	424,578	63,843	71,606	1,463,845
Credited/(charged) to profit or loss (<i>Note 11</i>)	222,764	14,527	87,928	(28,569)	11,398	234,291	31,191	72	573,602
Currency translation difference	–	104	–	–	–	91	7	–	202
Directly to equity	–	–	–	20,092	–	–	–	–	20,092
Impact of changes in the scope of consolidation	1,790	999	–	–	–	41	–	–	2,830
At December 31, 2023	698,623	180,253	170,727	3,003	182,245	659,001	95,041	71,678	2,060,571
At January 1, 2024	698,623	180,253	170,727	3,003	182,245	659,001	95,041	71,678	2,060,571
Credited/(charged) to profit or loss (<i>Note 11</i>)	(82,219)	(73,249)	61,730	364	39,515	9,502	61,622	64,440	81,705
Directly to equity	–	–	–	9,851	–	–	–	–	9,851
Currency translation difference	102	19	–	–	–	144	30	1,264	1,559
At December 31, 2024	616,506	107,023	232,457	13,218	221,760	668,647	156,693	137,382	2,153,686
At January 1, 2024	698,623	180,253	170,727	3,003	182,245	659,001	95,041	71,678	2,060,571
Credited/(charged) to profit or loss (<i>Note 11</i>)	39,234	(62,013)	11,454	349	18,490	(16,301)	28,155	45,914	65,282
Charged to other comprehensive income	–	–	–	–	–	–	–	(73)	(73)
Currency translation difference	–	(1)	–	–	–	(138)	(11)	(724)	(874)
At September 30, 2024	737,857	118,239	182,181	3,352	200,735	642,562	123,185	116,795	2,124,906
At January 1, 2025	616,506	107,023	232,457	13,218	221,760	668,647	156,693	137,382	2,153,686
Credited/(charged) to profit or loss (<i>Note 11</i>)	70,280	8,761	50,904	(15,763)	253	23,295	33,067	(11,611)	159,186
Charged to other comprehensive income	–	–	–	–	–	–	–	(291)	(291)
Directly to equity	–	–	–	13,664	–	–	–	–	13,664
Currency translation difference	(146)	(58)	–	–	–	(606)	(75)	(458)	(1,343)
At September 30, 2025	686,640	115,726	283,361	11,119	222,013	691,336	189,685	125,022	2,324,902

- (i) Deferred tax assets have been recognized for deductible temporary differences relating to taxable government grants.

APPENDIX I

ACCOUNTANTS’ REPORT

The Company

	Tax losses	Loss allowance and impairment provision	Share-based payment expenses	Lease liabilities	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2022	–	45,726	18,571	29,395	4	93,696
Credited/(charged) to profit or loss						
(Note 11)	–	(28,169)	(49,283)	1,952	2,969	(72,531)
Directly to equity	–	–	42,192	–	–	42,192
At December 31, 2022	–	17,557	11,480	31,347	2,973	63,357
At January 1, 2023	–	17,557	11,480	31,347	2,973	63,357
Credited/(charged) to profit or loss						
(Note 11)	–	(1,192)	(31,572)	(5,107)	4,148	(33,723)
Directly to equity	–	–	20,092	–	–	20,092
At December 31, 2023	–	16,365	–	26,240	7,121	49,726
At January 1, 2024	–	16,365	–	26,240	7,121	49,726
Credited/(charged) to profit or loss						
(Note 11)	–	(685)	3,368	(11,450)	(7,121)	(15,888)
Directly to equity	–	–	9,851	–	–	9,851
At December 31, 2024	–	15,680	13,219	14,790	–	43,689
At January 1, 2024	–	16,365	–	26,240	7,121	49,726
Credited/(charged) to profit or loss						
(Note 11)	–	218	1,673	(13,402)	7,413	(4,098)
At September 30, 2024	–	16,583	1,673	12,838	14,534	45,628
At January 1, 2025	–	15,680	13,219	14,790	–	43,689
Credited/(charged) to profit or loss						
(Note 11)	51,612	(3,330)	(15,763)	(5,345)	257	27,431
Directly to equity	–	–	13,664	–	–	13,664
At September 30, 2025	51,612	12,350	11,120	9,445	257	84,784

APPENDIX I

ACCOUNTANTS’ REPORT

(b) Deferred Tax Liabilities

The Group

	Valuation increase resulting from business combinations	Right of use assets	Fair value adjustments	Depreciation of fixed assets	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2022	3,148	(4,015)	76,496	78,851	5,961	160,441
(Credited)/charged to profit or loss (<i>Note 11</i>)	(1,079)	386,467	3,521	340,855	4,053	733,817
Currency translation difference	—	—	—	(135)	—	(135)
At December 31, 2022.	2,069	382,452	80,017	419,571	10,014	894,123
At January 1, 2023	2,069	382,452	80,017	419,571	10,014	894,123
Impact of changes in the scope of consolidation	—	178	—	—	—	178
(Credited)/charged to profit or loss (<i>Note 11</i>)	(1,079)	201,170	19,261	89,683	620	309,655
Currency translation difference	—	16	—	45	—	61
At December 31, 2023.	990	583,816	99,278	509,299	10,634	1,204,017
At January 1, 2024	990	583,816	99,278	509,299	10,634	1,204,017
(Credited)/charged to profit or loss (<i>Note 11</i>)	(990)	(17,775)	(27,095)	128,053	(4,810)	77,383
Credited to other comprehensive income.	—	—	(559)	—	—	(559)
Currency translation difference	—	131	—	171	—	302
At December 31, 2024.	—	566,172	71,624	637,523	5,824	1,281,143
At January 1, 2024	990	583,816	99,278	509,299	10,634	1,204,017
(Credited)/charged to profit or loss (<i>Note 11</i>)	(990)	(43,724)	(18,454)	62,443	(4,259)	(4,984)
Currency translation difference	—	(125)	—	(124)	—	(249)
At September 30, 2024	—	539,967	80,824	571,618	6,375	1,198,784
At January 1, 2025	—	566,172	71,624	637,523	5,824	1,281,143
Charged to profit or loss (<i>Note 11</i>)	—	3,722	46,457	71,355	3,962	125,496
Currency translation difference	—	(553)	(119)	(279)	—	(951)
At September 30, 2025	—	569,341	117,962	708,599	9,786	1,405,688

APPENDIX I

ACCOUNTANTS’ REPORT

The Company

	Right of use assets	Fair value adjustments	Depreciation of fixed assets	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2022	27,424	50,995	–	78,419
(Credited)/charged to profit or loss (<i>Note 11</i>)	1,560	(50,995)	108,802	59,367
At December 31, 2022	28,984	–	108,802	137,786
At January 1, 2023	28,984	–	108,802	137,786
(Credited)/charged to profit or loss (<i>Note 11</i>)	(3,496)	–	18,580	15,084
At December 31, 2023	25,488	–	127,382	152,870
At January 1, 2024	25,488	–	127,382	152,870
(Credited)/charged to profit or loss (<i>Note 11</i>)	(11,868)	19,436	15,715	23,283
Credited to other comprehensive income	–	(438)	–	(438)
At December 31, 2024	13,620	18,998	143,097	175,715
At January 1, 2024	25,488	–	127,382	152,870
(Credited)/charged to profit or loss (<i>Note 11</i>)	(13,636)	–	(9,187)	(22,823)
At September 30, 2024	11,852	–	118,195	130,047
At January 1, 2025	13,620	18,998	143,097	175,715
(Credited)/charged to profit or loss (<i>Note 11</i>)	(4,541)	(18,998)	15,406	(8,133)
At September 30, 2025	9,079	–	158,503	167,582

(c) Deferred Tax Assets Not Recognized

The Group has not recognized deferred tax assets in respect of the items below, which were not likely to generate taxable profit:

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Tax losses	4,354,045	5,541,496	8,192,861	10,109,139
Temporary differences	115,529	105,803	100,274	108,750
	<u>4,469,574</u>	<u>5,647,299</u>	<u>8,293,135</u>	<u>10,217,889</u>

APPENDIX I

ACCOUNTANTS’ REPORT

The tax losses not recognized deferred tax assets can be carried forward in future years. As at December 31, 2022, 2023 and 2024, and September 30, 2025, the following table shows unused tax losses based on its expected expiry date:

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
2023	736	—	—	—
2024	16,555	14,705	—	—
2025	84,210	77,674	60,411	—
2026	184,791	184,791	166,858	166,858
2027	296,095	197,068	174,477	173,147
2028	263,794	589,881	578,348	640,324
2029	463,204	463,204	769,076	769,986
2030	684,859	684,859	666,450	875,873
2031	1,325,439	1,325,439	1,325,439	1,325,439
2032	1,004,716	1,002,233	1,002,233	1,002,233
2033	—	976,977	949,606	949,606
2034	—	—	2,483,764	2,483,764
2035	—	—	—	1,701,302
Unlimited	29,646	24,665	16,199	20,607
	4,354,045	5,541,496	8,192,861	10,109,139

22. TRADE AND NOTES RECEIVABLES

The Group

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	12,540,907	12,026,657	16,235,955	17,277,552
Notes receivables	984,419	838,388	434,320	334,526
Less: credit loss allowance	(93,302)	(80,873)	(157,226)	(211,308)
	13,432,024	12,784,172	16,513,049	17,400,770

- (a) As at January 1, 2022, the gross carrying amounts of trade and notes receivables from contracts with customers are amounting to RMB8,806,257,000 (net of expected credit loss amounting to RMB254,517,000).
- (b) The Group grants credit terms to some customers ranging from 30 to 285 days from the date of billing or delivery of goods. The aging analysis of trade receivables based on revenue recognition date is as follows:

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year.	12,433,450	11,914,045	15,893,678	16,899,500
1 to 2 years.	67,724	50,920	287,071	257,382
2 to 3 years.	19,505	49,830	29,508	98,548
Over 3 years	20,228	11,862	25,698	22,122
	12,540,907	12,026,657	16,235,955	17,277,552

APPENDIX I

ACCOUNTANTS’ REPORT

The Company

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	9,430,598	6,771,847	8,683,648	8,555,214
Notes receivables	321,694	63,267	247,316	250,000
Less: credit loss allowance	(10,424)	(6,843)	(6,668)	(6,728)
	9,741,868	6,828,271	8,924,296	8,798,486

The aging analysis of trade receivables based on revenue recognition date is as follows:

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year.	9,411,150	6,763,076	8,674,751	8,548,650
1 to 2 years.	8,749	2,360	2,486	152
2 to 3 years.	3,386	13	–	1
Over 3 years	7,313	6,398	6,411	6,411
	9,430,598	6,771,847	8,683,648	8,555,214

23. PREPAYMENTS AND OTHER RECEIVABLES

The Group

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current				
Other receivables:				
Long-term receivables arising from disposal of non-current assets on installment basis	392,204	311,745	22,000	22,000
Deposits	–	21,163	316,220	316,220
Less: current portion of long-term receivables	(106,297)	(311,745)	–	–
	285,907	21,163	338,220	338,220
Less: credit loss allowance	–	–	–	(660)
	285,907	21,163	338,220	337,560
Current				
Prepayments:				
Prepayments for raw materials . . .	320,632	177,747	122,317	386,871
Prepayments for operating expenses	97,009	131,726	83,790	115,350
Others	67,433	56,920	19,082	8,883
	485,074	366,393	225,189	511,104
Other receivables:				
Deposits	150,772	165,519	170,938	203,140
Export tax refund	95,715	33,539	345,145	–
Equity disposal receivables	39,753	30,493	36,242	32,493
Advance to staff	36,829	48,973	58,856	49,329
Current portion of long-term receivables	106,297	311,745	–	–
Others	59,691	62,801	79,890	68,657
	489,057	653,070	691,071	353,619
Less: provision for impairment	(138,235)	(146,417)	(158,714)	(152,912)
	350,822	506,653	532,357	200,707
	835,896	873,046	757,546	711,811

APPENDIX I

ACCOUNTANTS’ REPORT

The Company

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Current				
Prepayments:				
Prepayments for raw materials . . .	63,533	4,618	1,282	1,202
Prepayments for operating expenses	5,666	10,856	3,521	6,480
Others	47,336	19,244	16,957	2,936
	<u>116,535</u>	<u>34,718</u>	<u>21,760</u>	<u>10,618</u>
Other receivables:				
Deposits	25,055	28,220	23,688	17,269
Export tax refund	95,273	33,539	233,702	–
Intercompany balances	6,549,909	5,695,525	5,789,091	5,412,636
Equity disposal receivables	30,493	30,493	30,493	30,493
Current portion of long-term receivables	29,504	–	–	–
Others	27,688	22,837	25,404	18,860
	<u>6,757,922</u>	<u>5,810,614</u>	<u>6,102,378</u>	<u>5,479,258</u>
Less: provision for impairment	<u>(41,162)</u>	<u>(47,823)</u>	<u>(52,145)</u>	<u>(45,549)</u>
	<u>6,716,760</u>	<u>5,762,791</u>	<u>6,050,233</u>	<u>5,433,709</u>
	<u>6,833,295</u>	<u>5,797,509</u>	<u>6,071,993</u>	<u>5,444,327</u>

24. WEALTH MANAGEMENT PRODUCTS

The Group

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Structured deposits	110,000	404,420	141,354	62,000
Monetary Fund products	–	–	10,021	282,676
	<u>110,000</u>	<u>404,420</u>	<u>151,375</u>	<u>344,676</u>

25. OTHER CURRENT AND NON-CURRENT ASSETS

The Group

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Other current assets				
Deductible input VAT	922,540	727,400	761,928	882,542
Input VAT to be verified	83,935	675,475	677,420	1,010,879
Other prepaid tax	200,767	231,453	175,477	137,539
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	<u>1,207,242</u>	<u>1,634,328</u>	<u>1,614,825</u>	<u>2,055,132</u>

APPENDIX I

ACCOUNTANTS’ REPORT

The Company

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Other current assets				
Deductible input VAT	2,450	5,764	3,923	3,746
Input VAT to be verified	–	–	–	46,887
Other prepaid tax	33,173	39,141	11,607	92,039
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	35,623	44,905	15,530	166,844

The Group

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Other non-current assets				
Prepayment for purchase of non- current assets	1,750,067	1,394,041	2,109,636	3,049,074
Others	17,136	52,527	14,790	30,320
	1,767,203	1,446,568	2,124,426	3,079,394

The Company

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Other non-current assets				
Prepayment for purchase of non- current assets	248,037	181,801	197,691	344,356

26. INVENTORIES

The Group

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials	2,380,098	1,533,755	1,341,010	2,188,505
Work in progress	3,019,458	1,822,485	2,088,369	2,560,408
Finished goods	4,139,890	3,364,785	3,393,086	3,962,300
Goods in transit	952,630	901,487	683,367	1,249,317
Contract fulfillment costs	34,405	153,609	262,043	212,514
Others	11,866	6,373	63,095	88,685
	10,538,347	7,782,494	7,830,970	10,261,729
Less: provision for impairment	(663,800)	(737,867)	(345,884)	(326,917)
	9,874,547	7,044,627	7,485,086	9,934,812

- (i) The cost of inventories carried forward to the profit or loss during the year/period is mainly recognized as the cost of revenue. For the years ended December 31, 2022, 2023 and 2024, and the nine months ended September 30, 2024 and 2025, the cost of inventories carried forward to the cost of revenue amounted to approximately RMB7,600,973,000, RMB10,237,959,000, RMB7,496,023,000, RMB7,081,328,000 and RMB7,286,718,000 respectively.

APPENDIX I

ACCOUNTANTS’ REPORT

- (ii) Provision for inventories recorded as cost of revenue during the years ended December 31, 2022, 2023 and 2024, and the nine months ended September 30, 2024 and 2025, were approximately RMB622,292,000, RMB628,926,000, RMB299,652,000, RMB276,913,000 and RMB257,816,000 respectively.
- (iii) The written off of provisions for inventories during the years ended December 31, 2022, 2023 and 2024, and the nine months ended September 30, 2024 and 2025, were approximately RMB192,739,000, RMB554,957,000, RMB691,612,000, RMB599,131,000 and RMB276,664,000 respectively.
- (iv) The impact of foreign exchange gain/(loss) as during the years ended December 31, 2022, 2023 and 2024, and the nine months ended September 30, 2024 and 2025, were approximately RMB549,000, RMB(98,000), RMB23,000, RMB82,000 and RMB119,000 respectively.

The Company

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials	545,868	230,913	311,241	356,980
Work in progress	291,480	166,760	198,368	259,667
Finished goods	1,318,402	754,165	837,060	884,010
Goods in transit	125,341	193,860	232,048	531,940
Others	328	292	327	324
Less: provision for impairment . . .	(55,287)	(54,273)	(45,561)	(29,895)
	2,226,132	1,291,717	1,533,483	2,003,026

27. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

(a) Cash and Cash Equivalents

The Group

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank balances	19,354,003	18,436,094	17,899,481	21,603,056
Less: restricted cash and term deposits (i)	(8,256,250)	(4,767,350)	(8,433,659)	(10,457,104)
	11,097,753	13,668,744	9,465,822	11,145,952

The Company

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank balances	6,441,296	4,825,843	3,732,504	4,613,468
Less: restricted cash and term deposits	(1,999,254)	(1,004,537)	(1,757,594)	(1,736,485)
	4,442,042	3,821,306	1,974,910	2,876,983

- (i) As at December 31, 2022, 2023 and 2024, and September 30, 2025, the Group’s demand deposits of approximately RMB8,256,250,000, RMB4,654,885,000, RMB8,403,659,000 and RMB10,356,836,000 were primarily pledged as a guarantee for acceptance notes, letter of credit deposits and derivative instruments.

APPENDIX I

ACCOUNTANTS’ REPORT

(b) Cash and Bank Balances are Denominated in:

The Group

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
RMB	15,175,520	14,700,323	13,072,348	17,382,237
USD	3,618,750	3,302,083	3,387,573	2,286,349
Indian Rupee	557,805	385,791	645,808	1,148,805
Others	1,928	47,897	793,752	785,665
	19,354,003	18,436,094	17,899,481	21,603,056

The Company

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
RMB	3,094,025	2,085,041	1,938,231	2,989,461
USD	3,347,270	2,740,801	1,111,646	982,169
Others	1	1	682,627	641,838
	6,441,296	4,825,843	3,732,504	4,613,468

28. BORROWINGS

The Group

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current				
Bank borrowings				
– Secured.	3,725,767	6,387,106	6,449,104	8,715,551
– Unsecured	–	279,690	602,013	1,199,823
Corporate bonds	387,841	399,253	–	–
Borrowings from third parties and financial institutions				
– Secured.	102,785	4,629	39,365	43,179
	4,216,393	7,070,678	7,090,482	9,958,553
Current				
Bank borrowings				
– Secured.	9,714,140	9,130,699	10,121,653	13,860,397
– Unsecured	644,128	1,285,209	1,560,276	2,883,259
Corporate bonds	610,902	–	402,377	–
Borrowings from third parties and financial institutions				
– Secured.	133,742	89,330	51,578	26,077
– Unsecured	4,738	16,781	47,107	–
	11,107,650	10,522,019	12,182,991	16,769,733

APPENDIX I

ACCOUNTANTS’ REPORT

- (a) As at December 31, 2022, 2023 and 2024, and September 30, 2025, the annual interest rates of short-term bank borrowings were ranged from 2.40% to 4.75%, 2.70% to 4.56%, 2.27% to 4.56% and 2.08% to 5.00%, respectively.

As at December 31, 2022, 2023 and 2024, and September 30, 2025, the annual interest rates of long-term bank borrowings were ranged from 3.20% to 6.86%, 2.80% to 6.50%, 2.44% to 6.41% and 2.24% to 4.96%, respectively.

As at December 31, 2022, 2023 and 2024, and September 30, 2025, the annual interest rates of third parties and financial institutions were ranged from 4.96% to 6.00%, 4.07% to 6.60%, 4.07% to 6.50% and 2.16% to 4.18%, respectively.

- (b) As at December 31, 2022, secured bank borrowings mainly included: (i) borrowings with a principal amount of approximately RMB7,968,630,000 guaranteed by the ultimate controlling shareholders, of which a principal amount of approximately RMB3,190,660,000 secured by plant and equipment, shares and cash; (ii) borrowings with a principal amount of approximately RMB2,600,116,000 guaranteed by the Company and its subsidiaries; (iii) borrowings with a principal amount of approximately RMB14,240,000 guaranteed by the independent third party and secured by the Company’s buildings; (iv) borrowings with a principal amount of approximately RMB2,844,682,000 secured by buildings, equipment, factored receivables and cash.

As at December 31, 2023, secured bank borrowings mainly included: (i) borrowings with a principal amount of approximately RMB7,986,455,000 guaranteed by the ultimate controlling shareholders, of which a principal amount of approximately RMB2,495,826,000 secured by land use rights, notes receivables and cash; (ii) borrowings with a principal amount of approximately RMB3,521,767,000 guaranteed by the Company and its subsidiaries; (iii) borrowings with a principal amount of approximately RMB41,020,000 guaranteed by the third party and secured by the Company’s buildings; (iv) borrowings with a principal amount of approximately RMB3,662,102,000 secured by buildings and equipment.

As at December 31, 2024, secured bank borrowings mainly included: (i) borrowings with a principal amount of approximately RMB4,614,812,000 guaranteed by the ultimate controlling shareholders, of which a principal amount of approximately RMB1,161,885,000 secured by equipment, land use rights, restricted notes receivables and cash; (ii) borrowings with a principal amount of approximately RMB4,058,317,000 guaranteed by the Company and its subsidiaries; (iii) borrowings with a principal amount of approximately RMB308,060,000 guaranteed by the third party and secured by the tolling rights of the subsidiary’s power generation project; (iv) borrowings with a principal amount of approximately RMB7,565,913,000 secured by buildings, trade and notes receivables, equipment and cash.

As at September 30, 2025, secured bank borrowings mainly included: (i) borrowings with a principal amount of approximately RMB4,983,939,000 guaranteed by the ultimate controlling shareholders, of which a principal amount of approximately RMB1,415,734,000 is secured by equipment; (ii) borrowings with a principal amount of approximately RMB8,042,818,000 guaranteed by the Company and its subsidiaries; (iii) borrowings with a principal amount of approximately RMB9,606,944,000 secured by buildings, note receivables and restricted cash.

As at September 30, 2025, the bank borrowings with a principal amount of approximately RMB4,983,939,000 were guaranteed by the ultimate controlling shareholders, with a guarantee amount of RMB5,023,939,000. These guarantees will remain in effect after the [REDACTED] of H shares and is expected to continue until the underlying facilities is terminated or the guaranteed obligations are fully extinguished.

APPENDIX I

ACCOUNTANTS’ REPORT

- (c) As at December 31, 2022, 2023 and 2024, and September 30, 2025, the Group’s bank borrowings were repayable as follows:

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Within 1 year.	10,358,268	10,415,908	11,681,929	16,743,656
Between 1 and 2 years	1,240,440	2,310,882	2,469,158	3,970,239
Between 2 and 5 years	2,077,404	2,411,076	2,634,788	3,898,901
Over 5 years	407,923	1,944,838	1,947,171	2,046,234
	14,084,035	17,082,704	18,733,046	26,659,030

- As at December 31, 2022, 2023 and 2024 and September 30, 2025, the Group’s corporate bonds were repayable as follows:

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Within 1 year.	610,902	–	402,377	–
Between 1 and 2 years	–	399,253	–	–
Between 2 and 5 years	387,841	–	–	–
Over 5 years	–	–	–	–
	998,743	399,253	402,377	–

- As at December 31, 2022, 2023 and 2024 and September 30, 2025, the Group’s other borrowings were repayable as follows:

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Within 1 year.	138,480	106,111	98,685	26,077
Between 1 and 2 years	98,156	4,629	4,921	6,286
Between 2 and 5 years	4,629	–	16,766	20,516
Over 5 years	–	–	17,678	16,377
	241,265	110,740	138,050	69,256

- (d) Corporate bonds

As at December 31, 2022, the details of the Group’s corporate bonds are as follows:

Bond name	Par value	Interest rate	Issue date	Bond term	Issuance amount	Balance at the beginning	Issuance during the year	Accrued interest	Premium discount amortisation	Redemption	Within one year	After one year
20 Sunwoda 01	390,000	3.98%	2020/6/23	3 years	390,000	391,815	139,500	15,522	2,593	155,022	(394,408)	–
20 Sunwoda 02	210,000	3.68%	2020/8/31	3 years	210,000	209,505	30,000	8,500	956	38,925	(210,036)	–
20 Sunwoda 03	400,000	4.83%	2020/8/31	5 years	400,000	393,073	–	19,267	1,279	19,320	(6,458)	387,841

APPENDIX I

ACCOUNTANTS’ REPORT

As at December 31, 2023, the details of the Group’s corporate bonds are as follows:

Bond name	Par value	Interest rate	Issue date	Bond term	Issuance amount	Balance at the beginning	Issuance during the year	Accrued interest	Premium discount amortisation	Redemption	Within one year	After one year
20 Sunwoda 03 . .	400,000	3.40%	2020/8/31	5 years	400,000	387,841	400,000	17,445	13,287	419,320	–	399,253

As at December 31, 2024, the details of the Group’s corporate bonds are as follows:

Bond name	Par value	Interest rate	Issue date	Bond term	Issuance amount	Balance at the beginning	Issuance during the year	Accrued interest	Premium discount amortisation	Redemption	Within one year	After one year
20 Sunwoda 03 . .	400,000	3.40%	2020/8/31	5 years	400,000	399,253	–	13,563	3,161	13,600	(402,377)	–

As at September 30, 2025, the details of the Group’s corporate bonds are as follows:

Bond name	Par value	Interest rate	Issue date	Bond term	Issuance amount	Balance at the beginning	Issuance during the year	Accrued interest	Premium discount amortisation	Redemption	Within one year	After one year
20 Sunwoda 03 . .	400,000	3.40%	2020/8/31	5 years	400,000	402,377	–	13,600	(2,377)	413,600	–	–

(e) Fair value

For the majority of the borrowings, the fair values are not materially different from their carrying amounts, since either the interest payable on those borrowings is close to current market rates, or the borrowings are of a short-term nature.

The Company

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Non-current				
Bank borrowings				
– Secured	1,215,585	814,375	139,520	446,000
– Unsecured	–	–	457,233	1,199,823
Corporate bonds	387,841	399,253	–	–
	1,603,426	1,213,628	596,753	1,645,823
Current				
Bank borrowings				
– Secured	7,236,171	4,349,236	2,511,519	1,869,603
– Unsecured	–	–	435,100	1,798,940
Corporate bonds	610,902	–	402,377	–
	7,847,073	4,349,236	3,348,996	3,668,543

APPENDIX I

ACCOUNTANTS’ REPORT

29. TRADE AND NOTES PAYABLES

The Group

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and notes payables				
– Trade payables.	15,164,889	14,763,873	17,775,532	19,495,624
– Notes payables	8,007,783	4,355,347	7,208,505	8,956,232
	23,172,672	19,119,220	24,984,037	28,451,856

As at December 31, 2022, 2023 and 2024, and September 30, 2025, trade payables include payables for construction and equipment amounting to RMB4,076,202,000, RMB5,394,666,000, RMB5,379,907,000 and RMB5,744,520,000.

An aging analysis of the trade payables based on the invoice date as at the end of the reporting period was as follows:

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year.	15,027,799	14,414,771	17,398,950	19,034,051
1 to 2 years.	81,166	293,304	335,879	353,109
2 to 3 years.	11,061	30,820	21,663	73,994
Over 3 years	44,863	24,978	19,040	34,470
	15,164,889	14,763,873	17,775,532	19,495,624

The Company

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and notes payables				
– Trade payables.	5,741,369	5,124,118	7,016,092	7,073,343
– Notes payables	2,052,945	1,259,793	3,562,893	4,139,248
	7,794,314	6,383,911	10,578,985	11,212,591

As at December 31, 2022, 2023 and 2024, and September 30, 2025, trade payables include payables for construction and equipment amounting to RMB294,444,000, RMB170,788,000, RMB314,742,000 and RMB423,710,000.

APPENDIX I

ACCOUNTANTS’ REPORT

An aging analysis of the trade payables based on the invoice date as at the end of the reporting period was as follows:

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year.	5,704,716	5,110,996	7,001,585	7,038,735
1 to 2 years.	16,116	1,865	9,360	25,599
2 to 3 years.	5,244	5,207	246	4,052
Over 3 years	15,293	6,050	4,901	4,957
	5,741,369	5,124,118	7,016,092	7,073,343

30. ACCRUALS AND OTHER PAYABLES

The Group

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Current				
Salaries, wages and benefits.	860,067	967,320	1,166,381	898,885
Accruals and others.	84,902	77,579	153,965	208,606
Redemption liabilities (i)	706,152	124,132	—	—
Repurchase obligation of share incentive	105,482	—	—	—
Deposits payables	311,445	35,460	45,172	57,877
Dividend payables.	—	—	—	110,297
Other tax payables	107,955	204,351	119,257	169,024
Payables to non-controlling interests of subsidiaries (ii)	525	130,478	8,009	63
Others	128,797	69,408	99,299	64,645
	2,305,325	1,608,728	1,592,083	1,509,397
Non-current				
Redemption liabilities (i)	799,000	971,030	1,000,713	1,141,420
Payables to non-controlling interests of subsidiaries (ii)	1,243,942	1,139,724	1,099,961	1,126,722
Others	—	—	—	3,645
	2,042,942	2,110,754	2,100,674	2,271,787

APPENDIX I

ACCOUNTANTS’ REPORT

The Company

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Current				
Amounts due from subsidiaries	937,616	670,656	1,609,906	2,111,863
Salaries, wages and benefits	156,570	144,067	153,527	78,491
Accruals and others	4	4	19,070	61,977
Deposits payables	7,235	14,052	9,553	10,129
Repurchase obligation of share incentive	105,482	—	—	—
Guarantee fee payables	13,408	3,381	—	—
Dividend payables	—	—	—	110,297
Other tax payables	16,638	7,688	8,727	24,560
Others	10,478	12,812	16,900	3,352
	1,247,431	852,660	1,817,683	2,400,669

- (i) In July 2019, Sunwoda Mobility Energy entered into a share repurchase agreement with a minority shareholder of Nanjing Sunwoda New Energy Co., Ltd. (“Nanjing Sunwoda”). Under the agreement, the Company is obligated to repurchase Nanjing Sunwoda shares with a principal value of RMB300 million, bearing an annual interest rate of 8% and with a maturity period ranging from 3 to 5 years. The accrued interest is payable upon repurchase, and the Company may settle the repurchase obligation either in cash or through issuance of Sunwoda Mobility Energy equity shares.

In June 2021, Sunwoda Mobility Energy and the minority shareholder of Nanjing Sunwoda entered into a share repurchase agreement, pursuant to which Sunwoda Mobility Energy is required to repurchase the shares of Nanjing Sunwoda with a principal amount of RMB620,000,000, at a interest rate of 8% per annum and a term of 3 to 5 years. The interest was payable upon the repurchase date. The repurchase amount could be settled by cash or equity shares of Sunwoda Mobility Energy.

In August 2022, Sunwoda Mobility Energy and several third-party investors entered into an agreement to jointly establish an investment fund (“Fund company”), with the primary objective of acquiring equity interests in Shandong Sunwoda New Energy Co., Ltd (“Shandong Sunwoda”). Under the agreement, Sunwoda Mobility Energy is obligated to repurchase the Fund’s equity interests over a five-year period following the fifth anniversary of the capital injection completion date, with annual repurchases of no less than 20% of the Fund’s total equity interests. The repurchase price equals the original investment amount plus accrued interest at an annual rate of 4.35% over the five-year term.

- (ii) As of December 31, 2022, 2023 and 2024, and September 30, 2025, the payables to non-controlling interests of subsidiaries were liabilities carrying effective interest rates ranging from 4.2% to 5.63% per annum, with maturity dates falling in 2027.

31. PROVISIONS

The Group

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Warranty	416,544	619,401	1,023,703	1,216,672

APPENDIX I

ACCOUNTANTS’ REPORT

	As at December 31,			As at September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Carrying amount at beginning of the year/period	127,493	416,544	619,401	619,401	1,023,703
Charged to profit or loss					
– additional provisions recognized	323,861	239,641	558,757	210,389	282,184
– unused amounts reversed	(11,434)	(686)	(19,744)	(14,852)	(4,150)
Amounts used during the year/period	(23,376)	(36,098)	(134,711)	(28,849)	(85,065)
Carrying amount at end of the year/period	416,544	619,401	1,023,703	786,089	1,216,672
Less: current portion	(32,713)	(20,217)	(2,193)	(10,400)	(222,729)
Non-current portion	383,831	599,184	1,021,510	775,689	993,943

- (i) The Group provides product quality warranty to its consumers and offers free warranties for faults and quality issues that occur within agreed years after the sale of such products. Based on historical warranty claim information and warranty experience, the Group estimates and accrues estimated liabilities for the warranties provided to its customers when selling products. As the recent warranty experience may not reflect the warranty situation of the sold products in the future, the management of the Group needs to use judgment to estimate this estimated liability.

32. CONVERTIBLE BONDS

The Group

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Convertible bonds (i)	1,144,000	–	–	–

- (i) Sunwoda Mobility Energy, a subsidiary of the Group, signed the Series A convertible bond agreement with certain independent third parties in August 2022, with a total principal amount of RMB1,190,000,000. Sunwoda Mobility Energy received RMB1,040,000,000 from August to December 2022 and RMB50,000,000 from January 2023. In December 2022, the convertible bonds with principal amount of RMB100,000,000 had been cancelled.

This bond accrues interest on a simple annual basis with a fixed annual interest rate of 6% and a term of 12 months. The agreement stipulates that the holders of these convertible bonds are entitled to convert this convertible bond into Sunwoda Mobility Energy’s shares at the overall valuation of the Sunwoda Mobility Energy’s Series A within three months from the date when the Sunwoda Mobility Energy is converted to a joint stock company. During the period from the date of issuance to December 31, 2022, and from January 1, 2023 to the end of conversion period, the increase in fair value was RMB104,000,000 and RMB12,000,000 respectively. All convertible bonds had been converted into the shares of Sunwoda Mobility Energy’s shares in June 2023.

APPENDIX I

ACCOUNTANTS’ REPORT

33. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current:				
Redemption liabilities	4,583	19,807	84,136	229,768
Current:				
Contingent consideration	–	3,000	7,000	3,000

34. DERIVATIVE FINANCIAL INSTRUMENTS

The Group

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Assets				
Foreign currency forwards – held for trading	–	961	207,590	470,265
Liabilities				
Foreign currency forwards – held for trading	–	–	349,636	371,938
Futures contracts - used for hedging.	–	–	–	1,080
	–	–	349,636	373,018

Starting from the nine months ended September 30, 2025, the Group hedges the expected procurement of key raw materials using commodity futures, specifically lithium carbonate, to mitigate the impact of market price fluctuations on raw material purchases.

The Company

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Assets				
Foreign currency forwards – held for trading	–	961	175,616	145,914
Liabilities				
Foreign currency forwards – held for trading	–	–	–	125,321

APPENDIX I

ACCOUNTANTS’ REPORT

35. OTHER CURRENT LIABILITIES

The Group

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Other tax to be recognized	460,696	538,329	418,111	494,359

The Company

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Other tax to be recognized	89,910	78,177	63,105	106,404

36. DEFERRED INCOME

The Group

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Government grants	676,739	1,492,929	1,786,466	2,011,425
Others	216	43	23	77
	676,955	1,492,972	1,786,489	2,011,502

The movements of deferred income during the Track Record Period are as follows:

	As at December 31,			As at September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
At beginning of the year/period	523,167	676,955	1,492,972	1,492,972	1,786,489
Additions (i)	208,033	888,481	442,974	136,517	357,416
Recognised in profit or loss	(54,245)	(72,464)	(149,457)	(64,899)	(132,403)
At end of the year/period	676,955	1,492,972	1,786,489	1,564,590	2,011,502

The Company

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Government grants	117,024	135,485	178,885	223,327

APPENDIX I

ACCOUNTANTS’ REPORT

The movements of deferred income for the Track Record Period are as follows:

	As at December 31,			As at September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
At beginning of the year/period	125,858	117,024	135,485	135,485	178,885
Additions	10,000	37,500	107,421	23,782	67,890
Recognised in profit or loss	(18,834)	(19,039)	(64,021)	(9,681)	(23,448)
At end of the year/period	117,024	135,485	178,885	149,586	223,327

- (i) In 2019, Sunwoda Mobility Energy entered into a joint investment agreement with the local government regarding the investment in Nanjing Sunwoda, under which the government agreed to provide a series of grants to Sunwoda Mobility Energy. In December 2024, the parties executed a supplemental agreement confirming the total grant amount of RMB144,084,000. This agreement also entitled Sunwoda Mobility Energy to offset the receivable grants against the project payments previously advanced by the government, which had been recorded under payables to non-controlling interests.

For the nine months ended September 30, 2025, a government grant amounting to RMB18,116,000 was paid directly to the equipment suppliers on the Group’s behalf.

37. SHARE CAPITAL

The Group and The Company

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	Share capital	Number of shares	Share capital	Number of shares	Share capital	Number of shares	Share capital	Number of shares	Share capital	Number of shares
	RMB'000	'000	RMB'000	'000	RMB'000	'000	RMB'000	'000	RMB'000	'000
At the beginning of the year/period	1,718,957	1,718,957	1,862,422	1,862,422	1,862,217	1,862,217	1,862,217	1,862,217	1,845,806	1,845,806
Issuance of GDRs (representing A shares) (i)	143,795	143,795	–	–	–	–	–	–	–	–
Exercise of restricted shares	–	–	–	–	981	981	–	–	1,656	1,656
Cancellation of shares under share schemes	(330)	(330)	(205)	(205)	–	–	–	–	–	–
Cancellation of ordinary shares	–	–	–	–	(17,392)	(17,392)	–	–	–	–
At the end of the year/period	1,862,422	1,862,422	1,862,217	1,862,217	1,845,806	1,845,806	1,862,217	1,862,217	1,847,462	1,847,462

- (i) In November 2022, the Company completed its GDR offering on the SIX Swiss Exchange, issuing 28,759 thousand GDRs (1 GDR = 5 A-shares) at USD15.30 per GDR, raising USD440 million. This resulted in an increase of RMB143,795,000 A-shares (nominal value RMB1.00) and a share premium of RMB2,973,877,000, net of issuance costs.

APPENDIX I

ACCOUNTANTS’ REPORT

38. TREASURY SHARES

The Group and the Company

	As at December 31,			As at September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
At the beginning of the year/period	226,360	106,244	59,979	59,979	199,964
Repurchase of ordinary shares	–	61,512	448,598	339,999	–
Exercise of restricted shares	(117,050)	(106,244)	–	–	(96,956)
Cancellation of ordinary shares (i)	–	–	(308,613)	–	–
Cancellation of shares under share schemes . . .	(3,066)	(1,533)	–	–	–
	106,244	59,979	199,964	399,978	103,008

- (i) Pursuant to the resolution approved at the Second Extraordinary General Meeting of 2024 on February 29, 2024, the Company repurchased 17,392,000 treasury shares for a total consideration of RMB 308,613,000 and subsequently canceled them.

39. SHARE INCENTIVE SCHEME

(1) Equity-Settled shared-based payment arrangement of the Company

(i) *Restricted Share Incentive Schemes*

Pursuant to the restricted share unit incentive scheme and share option incentive scheme approved at the 6th extraordinary shareholders’ meeting on December 11, 2019, and the 29th meeting of the fourth session of the Board of the Company (the “2019 Restricted Share Incentive Scheme”), the Company granted 38,250,000 restricted shares to 1,393 incentive participants which in initial grant portion and 6,750,000 restricted shares which in reserved grant portion. The grant date was December 27, 2019, and the granted price was RMB7.62 per share. Under the scheme, the shares are vested based on the service conditions and performance conditions. The restricted shares shall be subject to different vesting service periods from the vesting commencement date and different performance appraisal: i) 30% of granted options are vested within 12 to 24 months from the vesting commencement date and revenue for 2019 reach at least 24 billion; ii) 30% of granted options are vested within 24 to 36 months from the vesting commencement date and cumulative revenue for 2019-2020 reach at least 52.8 billion; and iii) 40% of granted options are vested within 36 to 48 months from the vesting commencement date and cumulative revenue for 2019-2021 reach at least 87.4 billion.

Pursuant to the 1st meeting of the fifth session of the Board of the Company on September 4, 2020, the Company granted 6,750,000 restricted shares to 288 incentive participants which in reserved grant portion under the 2019 Restricted Share Incentive Scheme. The grant date was September 4, 2020, and the granted price was RMB12.84 per share. The restricted shares shall be subject to different vesting service periods from the vesting commencement date and different performance appraisal: i) 50% of granted options are vested within 12 to 24 months from the vesting commencement date and cumulative revenue for 2019-2020 reach at least 52.8 billion; and ii) 50% of granted options are vested within 24 to 36 months from the vesting commencement date and cumulative revenue for 2019-2021 reach at least 87.4 billion.

The Group determines the fair value of restricted shares on the basis of the single-day closing price of the circulating shares on the date when the equity instruments are granted, less the exercise price.

APPENDIX I

ACCOUNTANTS’ REPORT

The number of restricted shares granted to the Group’s incentive participants is summarized as follows:

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	(‘000)	(‘000)	(‘000)	(‘000)	(‘000)
				(Unaudited)	
At the beginning of the year/period	27,753	13,878	—	—	—
Exercised	(13,545)	(13,673)	—	—	—
Lapsed	(330)	(205)	—	—	—
At the end of the year/period	13,878	—	—	—	—

(ii) Stock Option Incentive Plans

Pursuant to the share option incentive scheme approved at the 2nd extraordinary shareholders’ meeting on February 11, 2022 (the “2022 Share Incentive Plan”), the Company granted 8,234,000 restricted shares to 2,248 incentive participants which in initial grant portion and 350,000 restricted shares which in reserved grant portion, and 16,670,000 share options to 1,049 incentive participants which in initial grant portion and 500,000 share options which in reserved grant portion. The grant date was February 11, 2022, and the granted price was RMB19.60 per share and RMB39.19 per option, respectively. Under these schemes, the shares and options are vested based on the service conditions and performance conditions. The restricted shares and shares option shall be subject to different vesting service periods from the vesting commencement date and different performance appraisal: i) 30% of granted options are vested within 12 to 24 months from the vesting commencement date and revenue for 2022 reach at least 43.2 billion; ii) 30% of granted options are vested within 24 to 36 months from the vesting commencement date and cumulative revenue for 2022-2023 reach at least 92.9 billion; and iii) 40% of granted options are vested within 36 to 48 months from the vesting commencement date and cumulative revenue for 2022-2024 reach at least 150 billion.

Pursuant to the 43rd meeting of the fifth session of the Board of the Company on December 2, 2022, the Company granted 350,000 restricted shares to 37 incentive participants and 500,000 share options to 3 incentive participants which in reserved grant portion under the 2022 Share Incentive Plan. The grant date was December 2, 2022, and the granted price was RMB19.53 per share and RMB39.12 per option, respectively. The restricted shares and share option shall be subject to different vesting service periods from the vesting commencement date and different performance appraisal: i) 50% of granted options are vested within 12 to 24 months from the vesting commencement date and cumulative revenue for 2022-2023 reach at least 92.9 billion; and ii) 50% of granted options are vested within 24 to 36 months from the vesting commencement date and cumulative revenue for 2022-2024 reach at least 150 billion.

Pursuant to the “Proposal on the 2021 Annual Profit Distribution” approved at the 2021 Annual General Meeting of the Company, the “Proposal on the 2022 Profit Distribution Plan” approved at the 2022 Annual General Meeting, the “Proposal on the 2023 Profit Distribution Plan” approved at the 2023 Annual General Meeting, the grant price of the restricted shares and the exercise price of the share options under the 2022 Share Incentive Plan were adjusted from RMB19.60 per share to RMB19.33 per share and RMB39.19 per option to RMB38.92 per option, respectively, as a result of dividend distribution of the Company.

Pursuant to the restricted share unit incentive scheme approved at the 4th extraordinary shareholders’ meeting on May 21, 2024, and the 9th meeting of the sixth session of the Board of the Company (the “2024 Share Incentive Plan”), the Company granted 14,593,258 restricted shares to 726 incentives participants. The grant date was June 17, 2024, and the granted price was RMB6.78 per share. Under the scheme, the shares are vested based on the service conditions and performance conditions. The restricted shares shall be subject to different vesting service periods from the vesting commencement date and different performance appraisal: i) 50% of granted options are vested within 12 to 24 months from the vesting commencement date and revenue for 2024 reach at least 55 billion; and ii) 50% of granted options are vested within 24 to 36 months from the vesting commencement date and cumulative revenue for 2024-2025 reach at least 118 billion.

APPENDIX I

ACCOUNTANTS’ REPORT

The number of restricted shares under the 2022 Share Incentive Plan and the 2024 Share Incentive Plan granted to the Group’s incentive participants is summarized as follows:

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	(‘000)	(‘000)	(‘000)	(‘000) (Unaudited)	(‘000)
At the beginning of the year/period	–	7,617	4,550	4,550	16,528
Granted	8,584	–	14,593	14,593	–
Exercised	–	–	(981)	–	(8,736)
Forfeited	(967)	(1,252)	(818)	(210)	(538)
Lapsed	–	(1,815)	(817)	–	(569)
At the end of the year/period	7,617	4,550	16,527	18,933	6,685

The number of share options under the 2022 Share Incentive Plan is summarized as follows:

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	(‘000)	(‘000)	(‘000)	(‘000) (Unaudited)	(‘000)
At the beginning of the year/period	–	15,874	9,995	9,996	9,235
Granted	17,170	–	–	–	–
Exercised	–	–	–	–	–
Forfeited	(1,296)	(1,809)	(760)	(249)	–
Lapsed	–	(4,070)	–	–	(3,994)
At the end of the year/period	15,874	9,995	9,235	9,747	5,241

The fair value of the restricted shares and share options were determined with reference to the capital injection translations during the same period when the equity instruments are granted, less the exercise price. The fair value of the share options at grant date is independently determined using the Black-Scholes model by an independent qualified valuer. The significant inputs used in valuations were listed as below:

	2022 Share Incentive Plan	2024 Share Incentive Plan
Expected price volatility	22.60% to 26.81%	21.94% to 24.38%
Expected option life (year)	2 to 3 years	2 years
Risk-free interest rate	1.5% to 2.75%	1.50% to 2.1%
Dividend yield	0.21% to 0.22%	0.65%
Spot price of ordinary shares (RMB)	24.06	15.88

The volatility of the comparable companies for the period close to the expected time to exercise. The risk-free interest rate was referred to the market yield of government bond with similar issuing dates and maturity dates as of the respective grant dates.

APPENDIX I

ACCOUNTANTS’ REPORT

(2) Equity-Settled shared-based payment arrangement of the subsidiaries

(i) *Restricted share schemes of Sunwoda Mobility Energy*

Pursuant to the 12th meeting of the fifth session of the Board of the Company on August 9, 2021, the Company resolved to approve the ESOP investment in Sunwoda Mobility Energy. The difference between the capital injection amount and the fair value of the acquired equity was recorded as share-based payment expenses. The fair value of Sunwoda Mobility Energy had been arrived with reference to the recent transaction prices and the valuation carried out on the respective grant dates by an independent qualified professional valuer not connected to the Group, using discounted cash flow method.

Set out below are details of the share incentive plans adopted by Sunwoda Mobility Energy during the Track Record Period:

	<u>Date of grant</u>	<u>Number of restricted shares granted</u>	<u>Grant price</u> (RMB)	<u>Validity period</u>	<u>Expiry date</u>
Batch 1 . .	20 August 2021	153,000,000	1.00	20 August 2021 to 31 December 2029	31 December 2029
Batch 2 . .	30 September 2021	360,000,000	1.00	30 September 2021 to 31 December 2029	31 December 2029
Batch 3 . .	31 May 2022	100,000,000	1.00	31 May 2022 to 31 December 2029	31 December 2029
Batch 4 . .	30 August 2022	101,773,300	1.97	30 August 2022 to 31 December 2029	31 December 2029
Batch 5 . .	26 June 2023	62,100,000	2.10	26 June 2023 to 31 December 2029	31 December 2029

The share incentive plans included certain forfeited restricted shares (originally granted to employees who had left from the office prior to vesting), which were reallocated to the designated person by the Board of Sunwoda Mobility Energy in accordance with the Partnership agreement of the Equity Holding Platform. These re-grants retained the original price and the initial terms and conditions.

The Group recognized the share-based payment expenses based on the fair value of Sunwoda Mobility Energy at the re-grant date. The fair value had been arrived with reference to the valuation carried out by an independent qualified professional valuer not connected to the Group, using discounted cash flow method.

(ii) *Restricted share schemes of Huizhou Winone Precision Technology Co., Ltd (“Huizhou Winone”)*

Pursuant to the 3rd meeting of the fifth session of the Board of the Company on October 14, 2020, the Company approved an ESOP investment of RMB60 million in Huizhou Winone through a capital injection by acquiring a 40% equity interests in Huizhou Winone. The difference between the investment amount and the fair value of the acquired interests was recorded as share-based payment expenses. The fair value of Huizhou Winone had been arrived with reference to the recent transaction prices and the valuation carried out on the grant dates by an independent qualified professional valuer not connected to the Group, using discounted cash flow method.

APPENDIX I

ACCOUNTANTS’ REPORT

Set out below are details of the share incentive plans during the Track record period:

	<u>Date of grant</u>	<u>Number of restricted shares granted</u>	<u>Grant price</u> (RMB)	<u>Validity period</u>	<u>Expiry date</u>
Batch 1 . .	15 November 2021	2,850,000	1.50	15 November 2021- 15 November 2026	15 November 2026
Batch 2 . .	27 May 2022	5,700,000	4.10	27 May 2022- 27 May 2027	27 May 2027
Batch 3* .	20 December 2022	50,000	1.50	20 December 2022- 23 April 2025	23 April 2025
Batch 4* .	16 November 2023	40,000	1.50	16 November 2023- 18 March 2026	18 March 2026
Batch 5* .	16 November 2023	100,000	1.50	16 November 2023- 23 April 2025	23 April 2025
Batch 6* .	29 December 2023	150,000	1.50	29 December 2023- 23 April 2025	23 April 2025

* In accordance with the Capital Injection Agreement, the forfeited restricted shares (originally granted to former employees who terminated prior to vesting) were reallocated to the designated person. The re-grant retained the original grant price of RMB1.5 per share and initial terms and conditions. Given that the original grant price is consistent with the fair market value of the independent investee’s equity, such reallocated shares are expressly excluded from the Share Incentive Plan.

The Group recognized share-based payment expenses based on the fair value of Huizhou Winone at the re-grant date. The fair value had been arrived with reference to the valuation carried out by an independent qualified professional valuer not connected to the Group, using discounted cash flow method.

40. RETAINED EARNINGS

The Group

	<u>Year ended December 31,</u>			<u>Nine months ended September 30,</u>	
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2024</u>	<u>2025</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i>
At the beginning of the year/period	3,448,876	4,244,958	5,086,588	5,086,588	6,283,772
Net profit during the year/period	1,068,014	1,076,198	1,474,324	1,212,215	1,413,519
Appropriation to statutory reserve	(149,426)	(85,574)	(49,343)	–	–
Appropriation to general risk reserves	(3,000)	–	–	–	–
Declaration of dividends	(119,506)	(148,994)	(221,714)	(221,714)	(384,978)
Appropriation to safety funds . .	–	–	(6,083)	–	(8,102)
At the end of the year/period .	4,244,958	5,086,588	6,283,772	6,077,089	7,304,211

APPENDIX I

ACCOUNTANTS’ REPORT

The Company

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
At the beginning of the year/period	4,835,441	6,060,771	6,681,945	6,681,945	7,538,156
Net profit during the year/period	1,494,262	855,742	1,127,268	620,023	102,285
Appropriation to statutory reserve	(149,426)	(85,574)	(49,343)	–	–
Declaration of dividends	(119,506)	(148,994)	(221,714)	(221,714)	(384,978)
At the end of the year/period	6,060,771	6,681,945	7,538,156	7,080,254	7,255,463

41. OTHER RESERVES

The Group

	Share premium	Other comprehensive income	Surplus reserve	Other reserves	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at January 1, 2022	6,951,371	(170)	638,560	502,114	8,091,875
Issuance of GDRs (representing A shares)	2,896,874	–	–	–	2,896,874
Currency translation differences	–	3,947	–	–	3,947
Capital contributions by non-controlling interests	–	–	–	2,742,096	2,742,096
Appropriation to general risk reserves	–	–	–	3,000	3,000
Share-based payment:					
Share-based compensation expenses	–	–	–	178,156	178,156
Exercise of restricted shares	104,006	–	–	(104,006)	–
Cancellation of shares under share schemes	(2,736)	–	–	–	(2,736)
Appropriation to statutory reserve	–	–	149,426	–	149,426
Balance at December 31, 2022	9,949,515	3,777	787,986	3,321,360	14,062,638

APPENDIX I

ACCOUNTANTS’ REPORT

	Share premium	Other comprehensive income	Surplus reserve	Other reserves	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at January 1, 2023	9,949,515	3,777	787,986	3,321,360	14,062,638
Currency translation differences	–	10,502	–	–	10,502
Changes in fair value of notes receivables at FVOCI, net of tax	–	(398)	–	–	(398)
Share of other comprehensive income of associates and joint ventures	–	(128)	–	–	(128)
Capital contributions by non-controlling interests	–	–	–	537,852	537,852
Transactions with non-controlling interests	–	–	–	955,631	955,631
Conversion of convertible bonds and other payables	–	–	–	484,949	484,949
Share-based payment:					
Share-based compensation expenses	–	–	–	111,403	111,403
Exercise of restricted shares	235,419	–	–	(235,419)	–
Cancellation of shares under share schemes	(1,328)	–	–	–	(1,328)
Tax effect in relation to the transaction with non-controlling interests	–	–	–	(128,580)	(128,580)
Share of other changes in net assets of associates and joint ventures	–	–	–	70,529	70,529
Appropriation to statutory reserve	–	–	85,574	–	85,574
Others	–	–	–	37,979	37,979
Balance at December 31, 2023	10,183,606	13,753	873,560	5,155,704	16,226,623

	Share premium	Other comprehensive income	Surplus reserve	Other reserves	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at January 1, 2024	10,183,606	13,753	873,560	5,155,704	16,226,623
Currency translation differences	–	(7,294)	–	–	(7,294)
Cancellation of ordinary shares	(291,221)	–	–	–	(291,221)
Changes in fair value of notes receivables at FVOCI, net of tax	–	(275)	–	–	(275)
Share of other comprehensive income of associates and joint ventures	–	135	–	–	135
Changes in fair value of equity instruments at FVOCI, net of tax	–	(2,482)	–	–	(2,482)
Share-based payment:					
Share-based compensation expenses	–	–	–	128,785	128,785
Exercise of restricted shares	22,516	–	–	(4,534)	17,982
Transactions with non-controlling interests	–	–	–	(294,237)	(294,237)
Appropriation to safety funds	–	–	–	6,083	6,083
Share of other changes in net assets of associates and joint ventures	–	–	–	(3,977)	(3,977)
Appropriation to statutory reserve	–	–	49,343	–	49,343
Redemption liabilities arising from non-controlling interests’ put options (i)	–	–	–	(31,021)	(31,021)
Balance at December 31, 2024	9,914,901	3,837	922,903	4,956,803	15,798,444

APPENDIX I

ACCOUNTANTS’ REPORT

(Unaudited)	Share premium	Other comprehensive income	Surplus reserve	Other reserves	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at January 1, 2024	10,183,606	13,753	873,560	5,155,704	16,226,623
Currency translation differences	—	(7,749)	—	—	(7,749)
Changes in fair value of notes receivables at FVOCI, net of tax . .	—	165	—	—	165
Share of other comprehensive income of associates and joint ventures . .	—	(7)	—	—	(7)
Share-based payment:					
Share-based compensation expenses	—	—	—	96,745	96,745
Transactions with non-controlling interests	—	—	—	(299,382)	(299,382)
Redemption liabilities arising from non-controlling interests’ put options (i)	—	—	—	(8,411)	(8,411)
Balance at September 30, 2024. . . .	10,183,606	6,162	873,560	4,944,656	16,007,984

	Share premium	Other comprehensive income	Surplus reserve	Other reserves	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at January 1, 2025	9,914,901	3,837	922,903	4,956,803	15,798,444
Currency translation differences	—	(19,782)	—	—	(19,782)
Changes in fair value of notes receivables at FVOCI, net of tax . .	—	660	—	—	660
Share of other comprehensive income of associates and joint ventures . .	—	1,208	—	—	1,208
Cash flow hedge reserve	—	(434)	—	—	(434)
Changes arising from remeasurement of defined benefit plan, net of tax .	—	100	—	—	100
Share-based payment:					
Share-based compensation expenses	—	—	—	98,872	98,872
Exercise of restricted shares	69,903	—	—	(89,813)	(19,910)
Capital contributions by non-controlling interests	—	—	—	21,812	21,812
Transactions with non-controlling interests	—	—	—	(15,819)	(15,819)
Appropriation to safety funds	—	—	—	8,102	8,102
Redemption liabilities arising from non-controlling interests’ put options (i)	—	—	—	(79,087)	(79,087)
Balance at September 30, 2025. . . .	9,984,804	(14,411)	922,903	4,900,870	15,794,166

(i) In September 2022, Sunwoda Mobility Energy and Yiwu Municipal People’s Government entered into an investment agreement (“Investment Agreement”), pursuant to which, a new project company was established for an EV battery production project with equity interests of 80% and 20% held by Sunwoda Mobility Energy and a government-nominated entity respectively. Sunwoda Mobility had control over the project company.

Pursuant to the Investment Agreement, Sunwoda Mobility Energy is obligated to repurchase the equity interests in the aforesaid designated entity held by the Yiwu Municipal People’s Government. As the government’s capital contributions are made in installments, the corresponding repurchase obligation is recognized progressively. The initial measurement of each installment is based on the fair value of the corresponding production line and the difference between the carrying value of the equity instrument and the fair value of the financial liability is recorded as a reduction in equity. Subsequently, this liability is remeasured at fair value, with changes (driven by factors such as time value and changes in the entity’s valuation) recognized in profit or loss.

APPENDIX I

ACCOUNTANTS’ REPORT

The ending balances of other comprehensive income for the years ended December 31, 2022, 2023 and 2024, and the nine months ended September 30, 2024 and 2025 are as follows:

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Changes in fair value of investments in equity instruments, net of tax	–	–	(2,482)	–	(2,482)
Share of other comprehensive income of associates and joint ventures	–	(128)	7	(135)	1,215
Changes in fair values of notes receivables at FVOCI	–	(398)	(673)	(233)	(13)
Changes arising from remeasurement of defined benefit plan, net of tax	–	–	–	–	100
Cash flow hedging reserve	–	–	–	–	(434)
Exchange differences on translation of foreign operations	3,777	14,279	6,985	6,530	(12,797)
	<u>3,777</u>	<u>13,753</u>	<u>3,837</u>	<u>6,162</u>	<u>(14,411)</u>

The Company

	Share premium	Other comprehensive income	Surplus reserve	Other reserves	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at January 1, 2022	7,484,011	–	638,560	306,410	8,428,981
Appropriation to safety funds	2,896,874	–	–	–	2,896,874
Share-based payment:					
Share-based compensation expenses	–	–	–	180,129	180,129
Exercise of restricted shares	104,006	–	–	(104,006)	–
Cancellation of shares under share schemes	(2,736)	–	–	–	(2,736)
Appropriation to statutory reserve	–	–	149,426	–	149,426
Balance at December 31, 2022	<u>10,482,155</u>	<u>–</u>	<u>787,986</u>	<u>382,533</u>	<u>11,652,674</u>

	Share premium	Other comprehensive income	Surplus reserve	Other reserves	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at January 1, 2023	10,482,155	–	787,986	382,533	11,652,674
Share-based payment:					
Share-based compensation expenses	–	–	–	64,998	64,998
Exercise of restricted shares	235,419	–	–	(235,419)	–
Cancellation of shares under share schemes	(1,328)	–	–	–	(1,328)
Share of other comprehensive income of associates and joint ventures	–	(70)	–	107	37
Appropriation to statutory reserve	–	–	85,574	–	85,574
Balance at December 31, 2023	<u>10,716,246</u>	<u>(70)</u>	<u>873,560</u>	<u>212,219</u>	<u>11,801,955</u>

APPENDIX I

ACCOUNTANTS’ REPORT

	Share premium	Other comprehensive income	Surplus reserve	Other reserves	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at January 1, 2024	10,716,246	(70)	873,560	212,219	11,801,955
Cancellation of ordinary shares	(291,221)	–	–	–	(291,221)
Other comprehensive income that will be reclassified into the profit or loss under equity method	–	166	–	–	166
Changes in fair value of equity instruments at FVOCI, net of tax	–	(2,482)	–	–	(2,482)
Share-based payment:					
Share-based compensation expenses	–	–	–	79,037	79,037
Exercise of restricted shares	22,516	–	–	(4,534)	17,982
Share of other comprehensive income of associates and joint ventures	–	–	–	(208)	(208)
Appropriation to statutory reserve	–	–	49,343	–	49,343
Balance at December 31, 2024	10,447,541	(2,386)	922,903	286,514	11,654,572

<i>(Unaudited)</i>	Share premium	Other comprehensive income	Surplus reserve	Other reserves	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at January 1, 2024	10,716,246	(70)	873,560	212,219	11,801,955
Other comprehensive income that will be reclassified into the profit or loss under equity method	–	(7)	–	–	(7)
Share-based payment:					
Share-based compensation expenses	–	–	–	41,076	41,076
Balance at September 30, 2024	10,716,246	(77)	873,560	253,295	11,843,024

	Share premium	Other comprehensive income	Surplus reserve	Other reserves	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at January 1, 2025	10,447,541	(2,386)	922,903	286,514	11,654,572
Other comprehensive income that will be reclassified into the profit or loss under equity method	–	1,208	–	–	1,208
Share-based payment:					
Share-based compensation expenses	–	–	–	59,978	59,978
Exercise of restricted shares	69,903	–	–	(89,813)	(19,910)
Balance at September 30, 2025	10,517,444	(1,178)	922,903	256,679	11,695,848

APPENDIX I

ACCOUNTANTS’ REPORT

42. NOTES TO CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Reconciliation of Profit Before Income Tax to Net Cash Generated from Operations:

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Profit before income tax for the year/period	439,510	168,269	788,742	702,357	987,494
Adjustments for:					
Interest income	(210,563)	(422,052)	(404,902)	(293,667)	(244,638)
Finance costs	687,545	726,935	716,441	525,153	578,868
Depreciation and amortization of non-current assets	1,768,061	2,344,994	2,849,265	2,037,296	2,397,386
Net losses on disposal of property, plant and equipment and other non-current assets	32,731	79,067	211,187	25,282	62,572
Net impairment losses on financial assets and contract assets	146,402	12,936	93,604	35,517	49,204
Impairment provision for inventories . .	622,292	628,926	299,652	276,913	257,816
Share of profit of associates, net	8,271	65,548	(17,152)	(998)	(64,102)
Net (gains)/losses on financial instruments	(456)	19,860	(116,069)	(22,918)	(1,841)
Net foreign exchange losses/(gains) . .	156,268	(74,818)	(46,717)	83,391	117,982
Share-based compensation expenses . .	163,121	158,328	195,238	172,643	153,889
Net (gains)/losses on disposal of investments in associates and joint ventures and other financial assets at FVPL	(29,705)	(1,114)	8,093	–	(4,241)
Impairment provision for investments in associates and joint ventures	–	–	17,693	17,693	–
Fair value losses/(gains) on financial liabilities	104,000	46,000	240,735	61,130	25,273
Fair value (gains)/losses on other financial assets at FVPL	(58,518)	(60,476)	67,869	23,663	(480,436)
Others	(6,450)	(6,387)	(2,247)	(647)	(2,783)
Change in working capital:					
(Increase)/decrease in receivables	(8,613,898)	1,186,869	(4,129,421)	(1,876,025)	(1,133,921)
Increase/(decrease) in payables	7,993,561	(4,495,251)	2,095,948	2,228,099	2,118,641
(Increase)/decrease in inventories	(2,863,090)	2,200,994	(48,476)	(1,630,844)	(2,707,542)
Cash generated from operations	339,082	2,578,628	2,819,483	2,364,038	2,109,621

APPENDIX I

ACCOUNTANTS’ REPORT

(b) Non-Cash Activities

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Convertible bonds					
conversion (<i>Note 32</i>) . . .	800,000	1,911,935	—	—	—
Additions of right-of-use					
assets by way of leasing					
liabilities (<i>Note 18</i>) . . .	1,311,427	1,659,704	557,957	70,698	339,713
Payables to NCI of					
subsidiaries	824,026	272,658	—	—	—
Repayment/(proceed) of					
borrowings with					
restricted cash	—	2,540,648	302,529	(537,815)	(375,406)
	<u>2,935,453</u>	<u>6,384,945</u>	<u>860,486</u>	<u>(467,117)</u>	<u>(35,693)</u>

(c) Net Debt Reconciliation

	Borrowings	Payables to NCI of subsidiaries	Redemption liabilities	Convertible bonds	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2022	10,508,309	104,716	—	813,282	717,622	12,143,929
Financing cash flows	4,270,119	315,200	1,033,800	1,040,000	(149,949)	6,509,170
Interest paid	(631,827)	—	—	—	(76,963)	(708,790)
Interest accrued/(reversed) . .	595,515	525	86,152	(13,282)	76,963	745,873
Other non-cash movements-						
additions	581,927	824,026	390,000	—	1,311,427	3,107,380
Other non-cash movements-						
fair value changes	—	—	(217)	104,000	—	103,783
Other non-cash movements						
– early termination of						
lease	—	—	—	—	(50,677)	(50,677)
Other non-cash movements						
– convertible bonds						
conversion	—	—	—	(800,000)	—	(800,000)
At December 31, 2022 . . .	<u>15,324,043</u>	<u>1,244,467</u>	<u>1,509,735</u>	<u>1,144,000</u>	<u>1,828,423</u>	<u>21,050,668</u>
At January 1, 2023	15,324,043	1,244,467	1,509,735	1,144,000	1,828,423	21,050,668
Financing cash flows	4,800,710	(246,923)	200,494	(60,673)	(635,663)	4,057,945
Interest paid	(652,066)	—	—	—	(100,026)	(752,092)
Interest accrued	647,526	—	50,294	—	100,026	797,846
Other non-cash movements-						
additions	13,132	272,658	137,054	46,000	1,659,704	2,128,548
Other non-cash movements-						
repayment borrowings						
with restricted cash	(2,540,648)	—	—	—	—	(2,540,648)
Other non-cash movements						
– early termination of						
lease	—	—	—	—	(89,622)	(89,622)
Other non-cash movements						
– convertible bonds						
conversion	—	—	(782,608)	(1,129,327)	—	(1,911,935)
At December 31, 2023 . . .	<u>17,592,697</u>	<u>1,270,202</u>	<u>1,114,969</u>	<u>—</u>	<u>2,762,842</u>	<u>22,740,710</u>

APPENDIX I

ACCOUNTANTS’ REPORT

	Borrowings	Payables to NCI of subsidiaries	Redemption liabilities	Convertible bonds	Lease liabilities	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At January 1, 2024	17,592,697	1,270,202	1,114,969	–	2,762,842	22,740,710
Financing cash flows	1,958,531	(54,676)	(105,557)	–	(404,410)	1,393,888
Interest paid	(533,549)	–	(39,234)	–	(121,406)	(694,189)
Interest accrued	522,591	36,528	42,234	–	121,406	722,759
Other non-cash movements						
– impact of exchange rate fluctuations	35,732	–	–	–	–	35,732
Other non-cash movements- additions	–	–	74,940	–	557,957	632,897
Other non-cash movements- fair value changes	–	–	(2,503)	–	–	(2,503)
Other non-cash movements						
– early termination of lease	–	–	–	–	(49,061)	(49,061)
Other non-cash movements						
– offsetting	–	(144,084)	–	–	–	(144,084)
Other non-cash movements- repayment borrowings with restricted cash	(302,529)	–	–	–	–	(302,529)
At December 31, 2024	19,273,473	1,107,970	1,084,849	–	2,867,328	24,333,620

<i>(Unaudited)</i>	Borrowings	Payables to NCI of subsidiaries	Redemption liabilities	Convertible bonds	Lease liabilities	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At January 1, 2024	17,592,697	1,270,202	1,114,969	–	2,762,842	22,740,710
Financing cash flows	937,326	16,399	3,000	–	(128,504)	828,221
Interest paid	(414,300)	–	–	–	(89,188)	(503,488)
Interest accrued	400,961	35,008	10,168	–	89,188	535,325
Other non-cash movements						
– impact of exchange rate fluctuations	20,482	–	–	–	–	20,482
Other non-cash movements						
– additions	501,573	–	20,920	–	70,698	593,191
Other non-cash movements						
– offsetting	–	(26,098)	–	–	–	(26,098)
At September 30, 2024	19,038,739	1,295,511	1,149,057	–	2,705,036	24,188,343

APPENDIX I

ACCOUNTANTS’ REPORT

	Borrowings	Payables to NCI of subsidiaries	Redemption liabilities	Convertible bonds	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2025	19,273,473	1,107,970	1,084,849	–	2,867,328	24,333,620
Financing cash flows	6,961,091	(7,000)	125,000	–	(179,397)	6,899,694
Interest paid	(408,867)	–	(9,456)	–	(89,979)	(508,302)
Interest accrued	476,109	25,815	30,313	–	89,979	622,216
Other non-cash movements						
– impact of exchange rate fluctuations	51,074	–	–	–	(5,106)	45,968
Other non-cash movements- additions	375,406	–	137,079	–	339,713	852,198
Other non-cash movements- fair value changes	–	–	8,553	–	–	8,553
Other non-cash movements						
– early termination of lease	–	–	–	–	(55,940)	(55,940)
Other non-cash movements						
– offsetting	–	–	(5,150)	–	–	(5,150)
At September 30, 2025 . . .	26,728,286	1,126,785	1,371,188	–	2,966,598	32,192,857

43. BUSINESS COMBINATION

(a) Summary of acquisitions

During the year ended December 31, 2023, the major acquisition of new subsidiaries is summarized as follows:

	Ganzhou Junsheng
	RMB'000
	(note (i))
Total consideration transferred	
Cash consideration	112,000
Fair value of contingent consideration	3,000
Less: fair value of identifiable net assets	(82,374)
Goodwill	32,626

(i) Acquisition of Ganzhou Junsheng

As at September 30, 2023, the Group acquired 91.54% equity interests of Ganzhou Junsheng at a cash consideration of RMB22,000,000 and a capital injection of RMB90,000,000. Upon completion of the transactions, Ganzhou Junsheng became the subsidiary of the Company. Ganzhou Junsheng is mainly engaged in hazardous waste business.

Goodwill of RMB32,626,000 was acquired from above acquisition and was recognised at the acquisition date, being the difference between the total consideration and the fair value of net identifiable assets of acquirees. None of the goodwill recognized is expected to be deductible for income tax purpose.

APPENDIX I

ACCOUNTANTS’ REPORT

(b) Financial information of acquisitions

The fair value of the identifiable assets and liabilities and cash and cash equivalent impact arising from the acquisition of subsidiaries in the above transactions are summarized as follows. Valuation was performed by an independent valuer to determine the fair value of the identified assets.

	<u>Ganzhou Junsheng</u>
	<i>RMB'000</i>
<i>Fair value of identifiable net assets</i>	
Non-current assets	
Property, plant and equipment	9,681
Intangible assets	693
Deferred tax assets	2,830
Other non-current assets	2,554
Current assets	
Inventory	12,483
Trade receivables	8,743
Cash and cash equivalents	524
Other receivables	90,000
Current liabilities	
Trade payables	22,598
Borrowings	14,923
Less: Non-controlling interests	(7,613)
Fair value of the net assets/(liabilities) acquired	<u>82,374</u>
	<u>Ganzhou Junsheng</u>
	<i>RMB'000</i>
<i>Cash impact</i>	
Cash paid (i)	22,000
Less: cash and cash equivalents included in the subsidiaries acquired	(524)
Net cash outflow on acquisitions	<u>21,476</u>

- (i) As for Ganzhou Junsheng, the consideration was paid out in three installments: Consideration for share transfer of RMB22,000,000 was paid in June 2023, capital injection of RMB45,000,000 was paid in July 2023, capital injection of RMB45,000,000 was paid in August 2023.

The amounts of revenue and profit of subsidiaries since the acquisition date were included in the consolidated statements of profit or loss for the year ended December 31, 2023 are summarized as follows:

	<u>Ganzhou Junsheng</u>
	<i>RMB'000</i>
Revenue	65,068
Net losses	<u>(16,537)</u>

If the acquisition had occurred on January 1, 2023, consolidated pro-forma revenue and net profit of the Group for the year ended December 31, 2023 would have been RMB47,927,935,000 and RMB318,114,000 respectively.

The amounts have been calculated using the subsidiaries’ results and adjusting them for:

- differences in the accounting policies between the group and the subsidiary (if any), and
- the additional amortization that would have been charged assuming the fair value adjustments to intangible assets had applied from January 1, 2023, together with the consequential tax effects.

APPENDIX I

ACCOUNTANTS’ REPORT

44. DISPOSAL OF SUBSIDIARIES

The transaction of disposal of subsidiaries during the Track Record Period had no significant impact on the Group’s consolidated financial statements.

45. CONTINGENCIES AND COMMITMENTS

45.1 Contingencies

The Group and the Company have contingent liabilities in respect of claims or other legal procedures arising in its ordinary course of business from time to time. As at December 31, 2022, 2023 and 2024, and September 30, 2025, the directors of the Company did not anticipate that any material liabilities will arise from the contingent liabilities other than those provided for in the Historical Financial Information.

45.2 Capital Commitments

The following shows the major capital commitments of the Group:

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Property, plant and equipment commitments:				
– Contracted, but not provided for	5,447,826	1,731,444	2,349,879	3,284,762

46. RELATED PARTY TRANSACTIONS

(a) Ultimate controlling parties

Name	Ownership interest			As at September 30,
	As at December 31,			2025
	2022	2023	2024	
Mr. Wang Mingwang and Mr. Wang Wei	26.54%	26.54%	26.78%	26.75%

The immediate holding and ultimate controlling parties are Mr. Wang Mingwang and Mr. Wang Wei.

(b) Names and Relationship with Related Parties

Related parties are those parties that have the ability, directly and indirectly, to control, jointly control or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related because they are subject to common control and common joint control in the controlling shareholder’s families. Members of key management and their close family member of the Group are also considered as related parties.

The directors of the Company are of the view that the following parties were significant related parties of the Group that had transactions or balances with the Group for the years ended December 31, 2022, 2023 and 2024, and the nine months ended September 30, 2024 and 2025:

Name of the related parties	Relationship with the Group
Paersen Innovation Technology Co., Ltd.	An associate of the Group
Shandong Jili Sunwoda Electronic Co., Ltd	A joint venture of the Group
Zhejiang Lanxin Smart New Energy Co., Ltd.	An associate of the Group
Sichuan Lianwu New Energy Technology Co., Ltd.	An associate of the Group
Shenzhen Li’an Technology Co., Ltd.	An entity significantly influenced by the ultimate controlling shareholders
Shenzhen Yunxi Intelligence Co., Ltd.	An associate of the Group
Yudo New Energy Automobile Co., Ltd.	Shareholders of the controlling shareholders

APPENDIX I

ACCOUNTANTS’ REPORT

Name of the related parties	Relationship with the Group
Beijing Beijiao New Energy Technology Co., Ltd.	An associate of the Group
Zhejiang Jinhengwang Lithium Industry Co., Ltd.	An associate of the Group
Sichuan Shenghonghui New Energy Technology Co., Ltd.	An associate of the Group
Shenzhen Qianhai Hanlong Holding Co., Ltd.	An entity controlled by the ultimate controlling shareholders
Lanxi Xinbu New Energy Co., Ltd.	An associate of the Group
Zhejiang Weiming Shengqing Energy New Materials Co., Ltd.	An associate of the Group
Shenzhen Baisi Neng Technology Co., Ltd.	An associate of the group
Shenzhen Xianbang New Materials Technology Co., Ltd.	An associate of the group
Wuxue Chengkai Electric Power Service Co., Ltd.	An associate of the group
Xinge New Energy Technology (Shenzhen) Co., Ltd.	A joint venture of the group
Tengzhou Xinwangda Green Resource Entrepreneurship Investment Fund Partnership Enterprise (Limited Partnership)	An associate of the group
Shenzhen Hehui Co Creation Partnership Enterprise (Limited Partnership)	An entity controlled by the ultimate controlling person
Shenzhen Lihui Co Creation Partnership Enterprise (Limited Partnership)	An entity controlled by the ultimate controlling person
Shenzhen Zhihui Co Creation Partnership Enterprise (Limited Partnership)	An entity controlled by the ultimate controlling person
Shandong Chenxin Energy Development Co., Ltd.	An associate of the group
Tengzhou Gangxin New Energy Co., Ltd.	An associate of the group
Shenzhen Sunwoda Charity Foundation	Directors of the Company is the key management personnel of this entity

The following transactions and balances were carried out between the Group and its related parties during the Track Record Period. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties. In addition to those disclosed elsewhere in the Historical Financial Information, the Group has the following transactions with related parties:

(c) Material Transactions with Related Parties

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Purchase of goods and services:					
Associates of the Group	108,996	18,856	23,443	11,416	54,185
An entity significantly influenced by the ultimate controlling shareholders	–	–	2,358	472	472
A joint venture of the Group.	–	35,321	122,864	7,858	146,051
Directors of the Company is the key management personnel of this entity	–	–	–	–	21
	108,996	54,177	148,665	19,746	200,729

APPENDIX I

ACCOUNTANTS’ REPORT

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Sales of goods and rendering of services:					
Associates of the Group	46,956	33,607	27,197	24,893	9,401
A joint venture of the Group. . .	35,117	124,304	207,430	227,246	20,785
	82,073	157,911	234,627	252,139	30,186

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000

Rental income:

A joint venture of the Group. . .	—	1	—	—	1

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000

Rental expense:

A joint venture of the Group. . .	—	—	592	30	—
An entity significantly influenced by the ultimate controlling shareholders	—	—	49	—	—
	—	—	641	30	—

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000

Guarantee provided by the ultimate controlling shareholders

– Bank borrowings	7,968,630	7,986,455	4,614,812	5,023,939
Of which due:				
Within 1 year	5,997,490	4,346,317	2,079,590	2,104,179
1 to 2 years	806,900	1,297,500	70,000	649,000
2 to 5 years	514,240	11,120	—	—
Over 5 years	650,000	2,331,518	2,465,222	2,270,760
– Notes payables	839,503	1,063,763	802,737	260,174
Of which due:				
Within 1 year	839,503	1,063,763	802,737	260,174
– Other borrowings.	241,062	316,526	7,047	—
Of which due:				
Within 1 year	39,646	263,895	7,047	—
1 to 2 years	159,119	52,631	—	—
2 to 5 years	42,297	—	—	—
	9,049,195	9,366,744	5,424,596	5,284,113

APPENDIX I

ACCOUNTANTS’ REPORT

- (i) Certain guarantee was provided by the ultimate controlling shareholders and their relatives.
- (ii) As at September 30, 2025, the aforementioned guarantee covers the period from July 2022 to December 2033.
- (iii) As at September 30, 2025, the guarantee arrangement provided by the ultimate controlling shareholders amounting to RMB5,284,113,000 will remain in effect after the [REDACTED] of H shares and is expected to continue until the underlying facilities is terminated or the guaranteed obligations are fully extinguished.

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Guarantee provided by the Company and its subsidiaries				
– An associate of the Group	–	8,000	304,040	321,340

(d) Balance with Related Parties

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and notes receivables				
Shareholders of the controlling shareholders	2,631	–	–	–
An entity significantly influenced by the ultimate controlling shareholders	555	555	555	555
Associates of the Group	–	19,218	39,503	37,745
A joint venture of the Group	42,266	46,177	23,183	11,184
Less: credit loss allowance	(80)	(2,490)	(3,056)	(3,090)
	45,372	63,460	60,185	46,394

For the year ended December 31, 2022, 2023 and 2024, and the nine months ended September 30, 2024 and 2025 the amount of expense recognized/(reversed) in the year in respect of bad and doubtful debts are RMB(512,000), RMB2,107,000, RMB565,000, RMB1,270,000 and RMB34,000, respectively.

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and notes payables				
A joint venture of the Group	–	28	125,727	146,465
Associates of the Group	5,532	4,054	4,558	10,366
	5,532	4,082	130,285	156,831

APPENDIX I

ACCOUNTANTS’ REPORT

All the balances with the related parties are trade in natures.

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Other Prepayment and other receivables				
A joint venture of the Group	1	777	655	1,290
Associates of the Group	–	2,000	5000	3,000
Less: credit loss allowance	–	(600)	(2,000)	–
	1	2,177	3,655	4,290

For the year ended December 31, 2022, 2023 and 2024, and the nine months ended September 30, 2024 and 2025, the amount of expense recognized/(reversed) in the year in respect of bad and doubtful debts are nil, RMB600,000, RMB1,400,000, RMB1,000 and RMB(2,000,000) respectively.

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Other payables				
Associates of the Group	–	393	3,394	126,736
A joint venture of the Group	–	–	1	–
An entity controlled by the ultimate controlling person	–	–	–	10,138
An entity significantly influenced by the ultimate controlling shareholders	–	–	49	–
Directors of the Company is the key management personnel of this entity				19
	–	393	3,444	136,893

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Contract assets				
A joint venture of the Group	–	414	3,027	122
Less: credit loss allowance	–	(21)	(151)	(6)
	–	393	2,876	116

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Contract liabilities				
A joint venture of the Group	54,531	7,995	1,090	–
Associates of the Group	–	–	2,450	–
	54,531	7,995	3,540	–

APPENDIX I

ACCOUNTANTS’ REPORT

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Long-term receivables within 1 year				
An entity controlled by the ultimate controlling shareholders	29,504	—	—	—

(e) Key Management Compensation

Compensation of the key management personnel of the Group, including amounts paid to the Company’s directors and supervisors as disclosed in Note 9(a), was as follows:

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Fees	288	335	432	324	358
Salaries, wages and bonuses	11,818	12,988	15,929	7,470	8,312
Share-based compensation expenses	1,303	64	1,439	1,079	1,285
Pension costs, housing fund, medical insurance and other social benefits	363	439	492	371	390
	13,772	13,826	18,292	9,244	10,345

As at December 31, 2022, 2023 and 2024, and September 30, 2025 approximately RMB4,141,000, RMB4,679,000, RMB6,903,000 and RMB951,000 of payroll payables which were unpaid as at year end were included in other payables and accruals. The share-based payments provided to key management personnel consist of restricted share incentive schemes which are equity-settled, see Note 39.

47. EVENTS AFTER THE REPORTING PERIOD

In December 2025, the Group was involved in a sales contracts dispute with its customer. The plaintiff alleged that certain EV battery cells supplied by Sunwoda Mobility Energy (the “Defendant”) failed to meet the quality and performance requirements specified in the sales contracts. The plaintiff claimed preliminary estimated losses totaling RMB3,569.4 million. The plaintiff alleged that an amount of RMB1,255.6 million, which is recorded as a receivable from the plaintiff on the Defendant’s accounts, had been paid by the plaintiff to the Defendant. The remaining balance of RMB2,313.8 million constitutes the outstanding compensation claim. Accordingly, the plaintiff claimed compensation of RMB2,313.8 million, plus interest calculated at the loan prime rate published by the National Interbank Funding Center from the date of filing to the date of actual payment; an order requiring the Defendant to bear all litigation-related costs (including, but not limited to, appraisal fees and legal fees); and all related court costs.

As at the date of this report, the Group has received the pleading and is in the process of preparing to the claim. Based on the management’s assessment and legal opinion provided by the Company’s PRC legal advisor, the directors of the Company are of the view that there is insufficient evidence to support these claims and there is no reliable estimate of claims can be measured at this stage. Therefore, other than the warranty provisions of RMB274.9 million already reflected in the financial statements, no provision for the claim is made at the date of this report.

Except for the issue mentioned above, the Group had no significant subsequent events after September 30, 2025 and up to the date of this report.

APPENDIX I

ACCOUNTANTS’ REPORT

48. SUMMARY OF OTHER ACCOUNTING POLICIES

(1) Principles of Consolidation

The Historical Financial Information incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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 listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group’s voting rights in an investee are sufficient to give it power, including:

- the size of the Group’s holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders’ meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group’s accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group’s equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group’s ownership interests in existing subsidiaries

Changes in the Group’s ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group’s relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group’s and the non-controlling interests’ proportionate interests.

APPENDIX I

ACCOUNTANTS' REPORT

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognized. A gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under *IFRS 9* or, when applicable, the cost on initial recognition of an investment in an associate.

(2) Investments in Associates

An associate is an entity over which the Group has significant influence but no control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Investments in associates are accounted for using the equity method of accounting, after initially being recognized at cost.

Under IFRS 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. Interests in joint ventures are accounted for using the equity method, after initially being recognized at cost in the consolidated statement of financial position.

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investment.

Where the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

Changes in the Group's interests in associates and joint ventures

When the Group reduces its ownership interests in an associate or a joint venture but the Group continues to use the equity method (including situations that change of ownership interest in an associate or a joint venture due to capital increase of other shareholders to the associate or the joint venture), the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interests if that gain or loss would have been reclassified to profit or loss on the disposal of the related assets or liabilities.

(3) Business Combinations

(i) Business Combination not Under Common Controls

The acquisition method of accounting is used to account for all business combinations (except for the business combinations under common controls), regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business

APPENDIX I

ACCOUNTANTS’ REPORT

- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest’s proportionate share of the acquired entity’s net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity’s incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognized in profit or loss.

(4) Separate Financial Statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment test of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount of the investee’s net assets including goodwill.

(5) Foreign Currencies

(i) Functional and Presentation Currency

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). Since the majority of the assets and operations of the Group are located in the PRC, the Historical Financial Information are presented in RMB, which is also the Company’s functional and the Group’s presentation currency.

(ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statements of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statements of profit or loss on a net basis within other gains/(losses), net.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at FVPL are recognized in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognized in other comprehensive income.

APPENDIX I

ACCOUNTANTS’ REPORT

(iii) Group Companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position of the Group’s entities are translated at the closing rate at the end of the reporting period;
- income and expenses for each statement of profit or loss of the Group’s entities are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognized in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(6) Property, Plant and Equipment

The Group’s accounting policy for buildings and equipment is explained in Note 17(a). Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property 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.

Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

Construction in progress mainly represents buildings under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalized borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property and equipment when completed and ready for use.

(7) Impairment of Non-Financial Assets

Goodwill and intangible assets that have an indefinite useful life or are not yet available for use are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. An impairment loss is recognized for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

APPENDIX I

ACCOUNTANTS’ REPORT

(8) Intangible assets

Goodwill

Goodwill is measured as described in Note 42(3). Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

Software

Purchased software is stated at cost less any impairment losses and amortized on the straight-line basis over its estimated useful life.

Patent rights

Patent rights are initially recognized at fair value on the acquisition date and subsequently carried at cost less accumulated amortization and impairment losses.

(9) Financial Assets

(i) *Classification*

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the entity’s business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded either in profit or loss or in OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to present subsequent changes in fair value in other comprehensive income.

(ii) *Recognition and Derecognition*

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) *Measurement*

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

APPENDIX I

ACCOUNTANTS’ REPORT

Debt instruments

Subsequent measurement of debt instruments depends on the Group’s business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/(losses), net together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- FVPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within other gains/(losses), net in the period in which it arises.
- FVOCI: assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as a separate line item in the statement of profit or loss.

Equity instruments

The Group subsequently measures all equity instruments at fair value. Where the Group’s management has elected to present fair value gains and losses on equity instruments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Group’s right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognized in other gains/(losses) in the statement of profit or loss as applicable.

(iv) Impairment of Financial Assets

The Group recognizes an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. 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. Details, please refer to credit risks in Note 3.2.

(10) Derivative Financial Instruments

Derivative financial instruments comprise derivative financial liabilities and share repurchase obligations arising from put options (“put option obligation”). These instruments are classified as financial liabilities at FVPL and are presented as either current or non-current liabilities based on their expected settlement dates on the statement of financial position.

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- hedges of the fair value of recognized assets or liabilities or a firm commitment (fair value hedges),

APPENDIX I

ACCOUNTANTS’ REPORT

- hedges of a particular risk associated with the cash flows of recognized assets and liabilities and highly probable forecast transactions (cash flow hedges), or
- hedges of a net investment in a foreign operation (net investment hedges).
- At the inception of the hedging, the Group documents the economic, relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedges items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.
- At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:
- There is an economic relationship between the hedged item and the hedging instrument.
- The effect of credit risk does not dominate the value changes that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

The fair values of derivative financial instruments designated in hedge relationships are disclosed in Note 34. Movements in the hedging reserve in shareholders’ equity are shown in Note 41.

Cash flow hedge that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss within other income or other gains/(losses), net.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognized immediately in profit or loss and are included in other gains/(losses), net.

(11) Financial Liabilities

Financial liabilities are classified as financial liabilities at amortized cost and financial liabilities at FVPL at initial recognition.

Financial liabilities of the Group mainly comprise financial liabilities at amortized cost, including trade and note payables, other payables and accruals, borrowings and customer deposit. Such financial liabilities are initially recognized at fair value, net of transaction costs incurred, and subsequently measured using the effective interest method. Financial liabilities that are due within one year (inclusive) are classified as current liabilities; those with maturities over one year but are due within one year (inclusive) as from the balance sheet date are classified as current portion of non-current liabilities. Others are classified as non-current liabilities.

A financial liability is derecognized or partly derecognized when the underlying present obligation is discharged or partly discharged. The difference between the carrying amount of the derecognized part of the financial liability and the consideration paid is recognized in profit or loss for the current period.

APPENDIX I

ACCOUNTANTS’ REPORT

(12) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost of inventories are determined on the weighted average method. Cost comprises direct materials, direct labor and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost includes the reclassification from equity of any gains or losses on qualifying cash flow hedges relating to purchases of raw material but excludes borrowing costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(13) Trade Receivables

Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognized at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method. See Note 3.2 for a description of the Group’s impairment policies.

(14) Share Capital and Capital Reserve

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(15) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial period which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

(16) Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are derecognized when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognized in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Covenants that the Group is required to comply with, on or before the end of reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification at the reporting date.

APPENDIX I

ACCOUNTANTS’ REPORT

(17) Borrowing Costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other borrowing costs are expensed in the period in which they are incurred.

(18) Provisions

Provisions for legal claims, service warranties and make good obligations are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management’s best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

(19) Employee Benefits

(i) Short-Term Obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees’ services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

(ii) Housing Funds, Medical Insurances and Other Social Insurances

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurance and other employee social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group’s liability in respect of these funds is limited to the contributions payable in each year. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

(iii) Post-Employment Benefits

The Group classifies post-employment benefit plans as either defined contribution plans or defined benefit plans. Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into a separate fund and will have no obligation to pay further contributions; and defined benefit plans are post-employment benefit plans other than defined contribution plans. During the reporting period, the Group’s defined contribution plans mainly include basic pensions and unemployment insurance, while the defined benefit plans are certain overseas subsidiaries provide supplemental retirement benefits beyond the national regulatory insurance system.

APPENDIX I

ACCOUNTANTS’ REPORT

(iv) Basic Pensions

The Group’s employees participate in the basic pension plan set up and administered by local authorities of Ministry of Human Resource and Social Security. Monthly payments of premiums on the basic pensions are calculated according to prescribed bases and percentage by the relevant local authorities. When employees retire, the relevant local authorities are obliged to pay the basic pensions to them. The amounts based on the above calculations are recognized as liabilities in the accounting period in which the service has been rendered by the employees, with a corresponding charge to the profit or loss for the current period or the cost of relevant assets.

(v) Supplementary retirement benefits

The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligations less the fair value of the plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method at the interest rate of the applicable bonds with similar obligation term and currency. The charges related to supplementary retirement benefits (including current service costs, historical service costs and gains or losses on settlement) and net interest are recognized in profit or loss for the current period or included in the cost of an asset, and the changes arising from remeasurement in net liabilities or net assets of defined benefit plans are recognized in other comprehensive income.

(20) Share-Based Payments

(i) Equity-settled share-based payment transactions

The Group operates an equity-settled share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (including shares or share options) of the Group. The fair value of the employee services received in exchange for the grant of the equity instruments is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions (for example, remaining an employee of the entity over a specified time period);
- including the impact of any non-vesting conditions.

At the end of each reporting period, the Group revises its estimates of the number of share options that are expected to vest based on the non-marketing performance and service conditions, irrespective of whether those non-vesting conditions are satisfied. It recognizes the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

(ii) Share-based payment transactions among group entities

The Company settling a share-based payment transaction when another entity in the Group receives the goods or services shall recognize the transaction as an equity-settled share-based payment transaction only if it is settled in the Company’s own equity instruments. Otherwise, the transaction shall be recognized as a cash settled share-based payment transaction. In its separate financial statements, the Company records a debit, recognizing an increase in the investment in subsidiaries as a capital contribution from the parent and a credit to equity as no goods or services are received by the Company. The Company records a debit, recognizing the cash the employee paid when exercising the equity-settled share-based payment along with a decrease in reserves and a credit, recognizing share capital and share premium of the Company.

(iii) Modifications and Cancellations

The Group may modify the terms and conditions on which the share-based compensation plan was granted. If a modification increases the fair value of the equity instruments granted, the incremental fair value granted is included in the measurement of the amount recognized for the services received over the remainder of the vesting year. A grant of the share-based compensation plan, that is cancelled or settled during the vesting year, is treated as an acceleration of vesting. The Group will immediately recognize the amount that otherwise would have been recognized for services received over the remainder of the vesting year.

APPENDIX I

ACCOUNTANTS’ REPORT

(21) Dividend Distribution

Dividend distribution to the shareholders is recognized as a liability in the Historical Financial Information in the period in which the dividends are approved by the entities’ shareholders or directors, where appropriate.

(22) Interest Income

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets.

Interest income on financial assets at amortized cost and financial assets at FVOCI calculated using the effective interest method is recognized in profit or loss as part of other income.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes.

(23) Dividend Income

Dividend income is recognized when the right to receive dividend payment is established.

(24) Earnings Per Share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(25) Government Grants

Government grants relating to costs are deferred and recognized in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and they are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

(26) Current and Deferred Income Tax

The income tax expense or credit for the period is the tax payable on the current period’s taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

APPENDIX I

ACCOUNTANTS’ REPORT

(i) *Current Income Tax*

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(ii) *Deferred Income Tax*

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Historical Financial Information. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be used by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

(27) *Leases*

(i) *Definition of 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.

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

APPENDIX I

ACCOUNTANTS’ REPORT

(ii) *The Group as a Lessee*

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the financial statements would not differ materially from individual leases within the portfolio.

Short-Term Leases and Leases of Low-Value Assets

The Group applies the short-term lease recognition exemption to 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 lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Right-of-Use Assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Land leases are also in the scope of IFRS 16. The Group recognizes any prepaid premium for leasehold lands as right-of-use assets which are depreciated over the relevant lease terms.

Refundable rental deposits paid are account under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease Liabilities

At the commencement date of a lease, the Group recognizes and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases of the Group, the lessee’s incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;

APPENDIX I

ACCOUNTANTS’ REPORT

- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option;
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option; and
- lease payments to be made under reasonably certain extension options are also included in the measurement of lease liabilities.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item in the consolidated statement of financial position.

(28) Convertible Bonds

The Group has convertible bonds which are classified entirely as liabilities. Since the instrument contains an embedded derivative, it has been designated as at fair value through profit or loss on initial recognition and, as such the embedded conversion feature is not separated. All transaction costs related to financial instruments designated as at fair value through profit or loss are expensed as incurred.

The liability is subsequently carried at fair value, determined using valuation techniques. If the bonds are converted, the fair value at the time of conversion are transferred to share capital and share premium for the shares issued. If the bonds are redeemed, the difference between redemption amount and carrying value is recognized in profit or loss.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to September 30, 2025 and up to the date of this report.

APPENDIX II

UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II

UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II

UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II

UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II

UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II

UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX IIA

[REDACTED]

[REDACTED]

APPENDIX III

SUMMARY OF ARTICLES OF ASSOCIATION

This Appendix is primarily intended to provide [REDACTED] with an overview of the Articles of Association. The following information is a summary, so it does not contain all the information that is material to potential [REDACTED].

SHARES

Issue of Shares

The Company shall issue shares in accordance with the principles of openness, fairness, and equality, and each share of the same class shall have the same rights. The issue terms and price per share of the same class in the same issue shall be the same; the same price shall be paid for each share subscribed for by any subscriber.

Increase, Decrease and Repurchase of Shares

The Company may increase its capital in the following ways in light of its business and development needs and in accordance with the laws and administrative regulations and by resolutions respectively made at general meetings:

- (i) offering of shares to unspecified targets;
- (ii) offering of shares to specific targets;
- (iii) distributing bonus shares to existing shareholders;
- (iv) converting the reserve funds into share capital;
- (v) other means as stipulated by the laws, administrative regulations, the CSRC and other securities regulation authorities in the place(s) where the Company’s shares are listed.

The Company may reduce its registered capital. The Company shall decrease its registered capital in accordance with the procedures set forth in the Company Law and other relevant provisions, and the Articles of Association.

The Company shall not repurchase its shares, except in any of the following circumstances:

- (i) reducing the registered capital of the Company;
- (ii) merging with another company that holds the shares of the Company;
- (iii) using the shares for employee stock ownership plans or as share incentives;

APPENDIX III

SUMMARY OF ARTICLES OF ASSOCIATION

- (iv) requesting the Company to repurchase its shares from shareholders who object to resolutions made at the general meeting concerning the merger or division of the Company;
- (v) using the shares for the conversion of convertible corporate bonds issued by the Company;
- (vi) it is necessary for the Company to maintain its value and shareholders' equity;
- (vii) other circumstances permitted by laws and administrative regulations.

The Company may repurchase its shares through open and centralized trading or other methods permitted by laws, administrative regulations, the CSRC and other securities regulation authorities in the place(s) where the Company's shares are listed.

Where the Company repurchases its shares under the circumstances described in items (iii), (v) and (vi) set out above, it shall be carried out by open and centralized trading.

Where the Company repurchases its shares under the circumstances described in items (i) and (ii) set out above, it shall be subject to a resolution made at a general meeting. Where the Company repurchases the shares of the Company due to the circumstances specified in items (iii), (v) and (vi) set out above, a resolution of a Board meeting shall be passed by more than two-thirds of the directors attending the meeting subject to the securities regulatory rules of the applicable place(s) where the Company's shares are listed.

Shares repurchased by the Company under item (i) set out above shall be cancelled within 10 days from the date of repurchase; shares repurchased under items (ii) and (iv) set out above shall be transferred or cancelled within 6 months thereafter; and all of the shares repurchased in accordance with items (iii), (v) and (vi) set out above shall not exceed 10% of the total issued shares of the Company, and shall be transferred or cancelled within 3 years. Where it is otherwise provided in the laws, administrative regulations and the securities regulatory rules of the place where the shares of the Company are listed in respect of matters relating to share repurchases, such provisions shall prevail.

Transfer of Shares

Shares issued prior to the public offering of any shares of the Company shall not be transferred within one year from the date on which the shares of the Company are listed and traded on the Shenzhen Stock Exchange.

The directors and senior management members of the Company shall report to the Company their shareholdings in the Company and changes therein. During their terms of office as determined upon appointment, directors and senior management members of the Company shall not transfer annually during their terms of office more than 25% of the total number of shares of the same class of the Company which they hold; the shares of the Company held by

APPENDIX III

SUMMARY OF ARTICLES OF ASSOCIATION

them shall not be transferred within one (1) year from the date on which the shares of the Company are listed and traded. The aforesaid persons shall not transfer the shares of the Company held by them within six months from the date of their departure from the Company.

Where the securities regulatory rules of the place where the Company’s shares are listed provide otherwise in respect of restrictions on the transfer of the Company’s shares, such provisions shall prevail.

When any shareholder, holding more than 5% of the Company’s shares, of the Company or any director and senior management members of the Company disposes of his/her/its shares or other securities with an equity nature in the Company within six months of purchase, or purchases shares in the Company again within six months after disposal, the proceeds derived therefrom shall be retained for the benefit of the Company and be revoked by the Board of Directors of the Company. However, the disposals by brokerage companies holding more than 5% of the shares in the Company due to the fact that their underwritten shares remain unsubscribed and other circumstances stipulated by the CSRC shall not be subject to the restriction. Where it is otherwise provided in the securities regulatory rules of the place where the shares of the Company are listed, such provisions shall prevail.

The shares or other securities with an equity nature held by any director, senior management and natural person shareholder referred to in the preceding paragraph shall include the shares or other securities with an equity nature held by their spouses, parents and children, and those held through others’ accounts.

If the Board of Directors of the Company fails to comply with the preceding paragraph, a shareholder shall have the right to request the Board to do so within 30 days. If the Board of Directors fails to comply with the same within the aforesaid period, such shareholder shall have the right to initiate legal proceedings directly with the People’s Court in its own name for the benefit of the Company.

And if the Board of Directors fails to comply with the aforesaid provisions, the directors held accountable for such failure shall bear joint and several liabilities in accordance with the law.

SHAREHOLDERS AND GENERAL MEETINGS

Shareholders

The Company establishes a register of shareholders based on the certificates provided by the securities registration and clearing institution, and the register of shareholders is sufficient evidence proving shareholders’ holding of the Company’s shares. A shareholder shall enjoy the rights and assume the obligations attached to the class of shares he/she holds. Shareholders holding the same class of shares shall be entitled to the same rights and assume equal obligations.

APPENDIX III

SUMMARY OF ARTICLES OF ASSOCIATION

Shareholders of the Company shall enjoy the following rights:

- (i) to receive dividends and other forms of benefit distribution in proportion to the number of shares they hold;
- (ii) to lawfully require, convene, preside over, attend or appoint a proxy to attend the general meeting and exercise corresponding voting rights;
- (iii) to supervise the operation of the Company and make suggestions and inquiries;
- (iv) to transfer, gift or pledge their shares in accordance with laws, administrative regulations, and the Articles of Association;
- (v) to inspect and copy the Articles of Association, the register of shareholders, minutes of general meetings, resolutions of Board meetings, financial and accounting reports; and (for shareholders who meet the relevant requirements) to inspect the Company's accounting books and vouchers;
- (vi) upon termination or liquidation of the Company, to participate in the distribution of the remaining assets of the Company in proportion to the number of Shares they hold;
- (vii) to require the Company to repurchase their shares by shareholders who disagree with the resolutions for the merger and division of the Company made at the general meetings;
- (viii) other rights stipulated by the laws, administrative regulations, departmental rules, securities regulatory rules of the place(s) where the Company's shares are listed or the Articles of Association.

If a shareholder requests to inspect or copy the information or materials set out in the preceding paragraph, the shareholder shall provide the Company with written documents evidencing the class and number of the shares held by the shareholder in accordance with the Company Law, Securities Law, other relevant laws and administrative regulations, and the Articles of Association, and upon authenticating his or her identity as a shareholder, the Company shall provide the shareholder with such information or materials.

If any shareholder(s) individually or jointly holding more than 3% of the Company's shares for more than 180 consecutive days request(s) to inspect the Company's accounting books and vouchers, the provisions of the second, third and fourth paragraphs of Article 57 of the Company Law shall apply.

APPENDIX III

SUMMARY OF ARTICLES OF ASSOCIATION

If a shareholder requests to inspect or copy materials related to the Company's wholly-owned subsidiaries, the above-mentioned provisions shall apply thereto, and such shareholder shall also comply with the provisions of the Company Law, the Securities Law, and other laws and administrative regulations.

If any resolution of the general meeting or the Board meeting violates laws and administrative regulations, the shareholders shall have the right to submit to the People's Court to declare the resolution invalid.

If the convening procedures and voting ways of the general meeting or the Board meeting violate laws, administrative regulations or the Articles of Association, or the resolutions violate the Articles of Association, the shareholders have the right to submit to the People's Court to cancel the resolutions within 60 days after the adoption of the resolutions, except for the circumstances where the convening procedures and voting ways have only minor flaws and there's no substantial impact on resolutions.

Any shareholder(s) individually or jointly holding more than 1% of the Company's shares for more than 180 consecutive days shall have the right to request the Audit Committee in writing to bring a legal action before the People's Court against any director or senior management member who is not a member the Audit Committee for loss of Company resulting from his/her violation of any laws, administrative regulations or the Articles of Association in the course of performing their duties; and such shareholders may request the Board of Directors in writing to initiate legal proceedings before the People's Court against any member of the Audit Committee for the loss of the Company resulting from his/her violation of any laws, administrative regulations or the Articles of Association in the course of performing the duties.

Shareholders set forth in the preceding paragraph may initiate legal proceedings before the People's Court directly in their own names in the interest of the Company in the event that the Audit Committee or the Board of Directors refuses to initiate legal proceedings after receiving the written request of such shareholders set forth in the preceding paragraph, or fails to initiate such legal proceedings within 30 days on which such request is received, or in case of emergency where failure to initiate such legal proceedings immediately will result in irreparable damage to the Company's interest.

If any other person infringes the legitimate rights and interests of the Company, thus causing any losses to the Company, the shareholders as mentioned in the preceding paragraph may initiate legal proceedings before the People's Court in accordance with the provisions of the preceding two paragraphs.

The shareholders of the Company shall assume the following obligations:

- (i) to comply with laws, administrative regulations and the Articles of Association;
- (ii) to pay subscription monies according to the shares subscribed and the method of subscription;

APPENDIX III

SUMMARY OF ARTICLES OF ASSOCIATION

- (iii) not to withdraw their share capital unless required by laws and administrative regulations;
- (iv) not to abuse their shareholders' rights to jeopardize the interests of the Company or other shareholders; and not to abuse the status of the Company as an independent legal person and the limited liability of shareholders to jeopardize the interests of any creditors of the Company;
- (v) other obligations imposed by laws, administrative regulations, the securities regulatory rules of the place(s) where the Company's shares are listed and the Articles of Association.

Where any shareholder of the Company abuses the shareholders' rights, causing losses to the Company or other shareholders, such shareholder shall be liable for compensation according to law. Where any shareholder of the Company abuses the Company's status as an independent legal person and the limited liability of shareholders for the purposes of evading repayment of debts, thereby materially impairing the interests of the creditors of the Company, such shareholder shall be jointly and severally liable for the debts owed by the Company.

If any shareholder holding more than 5% of the voting shares of the Company pledges the shares held by him/her, he/she shall submit a written report to the Company on the date of the occurrence of such fact.

Controlling Shareholders and De Facto Controllers

Controlling shareholders and de facto controllers of the Company shall comply with the following provisions:

- (i) to exercise their rights as shareholders in accordance with the law and not abuse their control or use their affiliation to prejudice the legitimate interests of the Company or other shareholders;
- (ii) to strictly fulfil the public statements and undertakings made, without unilateral alteration or waiver;
- (iii) to fulfil information disclosure obligations in strict accordance with the relevant regulations, to proactively cooperate with the Company in information disclosure and to inform the Company in a timely manner of material events that have occurred or are proposed to occur;
- (iv) not to appropriate the Company's funds in any way;
- (v) not to order, instruct or request the Company and relevant personnel to provide guarantees in violation of laws and regulations;

APPENDIX III

SUMMARY OF ARTICLES OF ASSOCIATION

- (vi) not to make use of the Company’s undisclosed material information for personal gain, not to disclose in any way undisclosed material information relating to the Company, and not to engage in insider trading, short-swing trading, market manipulation and other illegal and unlawful acts;
- (vii) not to prejudice the legitimate rights and interests of the Company and other shareholders through unfair related-party transactions, profit distribution, asset restructuring, foreign investment or any other means;
- (viii) to ensure the integrity of the Company’s assets, and the independence of personnel, finance, organization and business, and not to affect the independence of the Company in any way;
- (ix) other provisions of laws, administrative regulations, provisions of the CSRC, the provisions of the stock exchange and the Articles of Association.

Where a controlling shareholder or de facto controller of the Company does not act as a director of the Company but actually carries out the affairs of the Company, the provisions of the Articles of Association relating to the duties of loyalty and diligence of directors shall apply.

Where a controlling shareholder or de facto controller of the Company instructs a director or a member of the senior management to engage in an act that is detrimental to the interests of the Company or the shareholders, he/she shall be jointly and severally liable with such director or member of the senior management.

General Meeting

The general meeting of the Company comprises all shareholders. The general meeting shall be the organ of authority of the Company and shall exercise the following functions and powers in accordance with the law:

- (i) to elect and replace directors who are not staff representatives, and to decide on matters relating to the remuneration of directors;
- (ii) to consider and approve the report of the Board;
- (iii) to examine and approve profit distribution plans and loss recovery plans of the Company;
- (iv) to resolve on the increase or reduction of registered capital of the Company;
- (v) to resolve on the issuance of corporate bonds;

APPENDIX III

SUMMARY OF ARTICLES OF ASSOCIATION

- (vi) to resolve on the merger, division, dissolution, liquidation or change of corporate form of the Company;
- (vii) to amend the articles of association;
- (viii) to resolve on the engagement or dismissal of the accounting firm that undertakes the Company's audit business;
- (ix) to consider and approve the guarantees specified in the Articles of Association;
- (x) to consider matters relating to the Company's purchase or sale of major assets within one year, where the value exceeds 30 percent of the Company's latest audited total assets;
- (xi) to consider and approve matters related to the change of use of the raised funds;
- (xii) to consider share incentive plans and employee stock ownership plans;
- (xiii) to consider other matters required to be resolved by the shareholders' general meeting pursuant to laws, administrative regulations, departmental rules, the securities regulatory rules in the place where the Company's shares are listed or the Articles of Association.

The general meeting may authorize the Board of Directors to make resolutions on the issuance of shares, corporate bonds, and corporate bonds convertible into shares. Unless otherwise provided by laws, administrative regulations, or departmental rules, the aforementioned powers of the general meeting shall not be exercised by the Board of Directors or other organizations and individuals through authorization.

The following acts of external guarantees of the Company shall be considered and passed by the general meeting:

- (i) Any subsequent guarantee to be provided once the total amount of external guarantees provided by the Company or its controlled subsidiary has exceeded 50% of the Company's latest audited net assets;
- (ii) Any subsequent guarantee to be provided once the total amount of external guarantees provided by the Company has exceeded 30% of the Company's latest audited total assets;
- (iii) Any guarantee provided by the Company to others, where the amount of guarantees within one year exceeds 30% of the Company's latest audited net assets;
- (iv) Any guarantee provided to any party with a gearing ratio in excess of 70%;

APPENDIX III

SUMMARY OF ARTICLES OF ASSOCIATION

- (v) A single guarantee whose amount exceeds 10% of the latest audited net assets;
- (vi) Any guarantee provided to shareholders, de facto controllers and their related parties;
- (vii) Other guarantees as required by the regulatory rules of the place(s) where the Company's shares are listed, the Articles of Association or other regulations.

When the Board of Directors considers the aforementioned guarantees, it must be approved by at least two-thirds of the directors present at the Board of Directors meeting. When the guarantee mentioned in item (iii) in the preceding paragraph is reviewed at the general meeting, it shall be passed by more than two-thirds of the voting rights held by the shareholders present at the meeting.

When the general meeting considers a proposal to provide guarantees to shareholders, de facto controllers, and their connected persons, such shareholder or shareholders controlled by such de facto controller shall not participate in the voting, and the resolution shall be passed by more than half of the voting rights held by the other shareholders attending the general meeting.

The general meetings are divided into annual general meetings and extraordinary general meetings. The annual general meeting shall be convened once a year and held within six months from the end of the previous accounting year.

The Company shall convene an extraordinary general meeting within two months upon the actual occurrence of any of the following circumstances:

- (i) the number of directors is less than the number specified in the Company Law or two-thirds of the number specified in the Articles of Association;
- (ii) the losses of the Company that have not been made up reach one-third of its total share capital;
- (iii) when any shareholder(s) individually or jointly holding over 10% of the Company's shares so request;
- (iv) whenever the Board of Directors considers necessary;
- (v) whenever the Audit Committee proposes to convene;
- (vi) other circumstances stipulated by the laws, administrative regulations, departmental rules, securities regulatory rules of the place(s) where the Company's shares are listed and the Articles of Association.

APPENDIX III

SUMMARY OF ARTICLES OF ASSOCIATION

If the extraordinary general meeting is convened in accordance with the securities regulatory rules of the place where the Company's shares are listed, the actual date of the extraordinary general meeting may be adjusted based on the approval progress of the stock exchange where the Company's shares are listed.

Convening of the General Meeting

The Board of Directors shall convene the general meeting on time within the period specified in the Articles of Association. With the approval of a majority of all independent directors, the independent directors shall have the right to propose to the Board of Directors to convene an extraordinary general meeting. Where an independent director proposes that an extraordinary general meeting be held, the Board of Directors shall, in accordance with laws, administrative regulations and the Articles of Association, furnish a written reply on whether to convene the extraordinary general meeting within 10 days upon receipt of the proposal. If the Board of Directors agrees to convene the extraordinary general meeting, a notice of such meeting shall be issued within five days upon the passing of the Board resolution. If the Board of Directors does not agree to convene the extraordinary general meeting, it shall explain the reasons and make an announcement.

The Audit Committee shall have the right to propose to the Board of Directors to convene an extraordinary general meeting, and such a proposal shall be made to the Board of Directors in writing. The Board of Directors shall, in accordance with laws, administrative regulations, and the Articles of Association, furnish a written reply on whether to convene the extraordinary general meeting within 10 days upon receipt of the proposal.

If the Board of Directors agrees to convene the extraordinary general meeting, a notice of such meeting shall be issued within five days upon the passing of the Board resolution. Any changes to the original proposal made in the notice shall be approved by the Audit Committee.

If the Board of Directors does not agree to convene the extraordinary general meeting or fails to furnish a reply within 10 days upon receipt of such proposal, the Board of Directors shall be deemed to be unable or fail to perform the duty of convening the general meeting, and the Audit Committee may convene and preside over the meeting on its own.

Any shareholder(s) individually or jointly holding over 10% of the Company's shares shall have the right to request the Board of Directors to convene an extraordinary general meeting, and such request shall be made in writing to the Board of Directors and shall specify the agenda of the meeting. The Board of Directors shall, in accordance with laws, administrative regulations, and the Articles of Association, furnish a written reply on whether to convene the extraordinary general meeting within 10 days upon receipt of the written request.

APPENDIX III

SUMMARY OF ARTICLES OF ASSOCIATION

If the Board of Directors agrees to convene the extraordinary general meeting, a notice of such meeting shall be issued within five days upon the passing of the Board resolution. Any changes to the original request made in the notice shall be approved by the relevant shareholders.

If the Board of Directors does not agree to convene the extraordinary general meeting or fails to furnish a reply within 10 days upon receipt of such written request, the shareholder(s) individually or jointly holding over 10% of the shares of the Company shall have the right to request the Audit Committee to convene an extraordinary general meeting, and such request shall be made in writing.

If the Audit Committee agrees to convene the extraordinary general meeting, a notice of such meeting shall be issued within five days upon receipt of the request. Any changes to the original request in the notice shall be approved by the relevant shareholders.

If the Audit Committee fails to issue the notice of the general meeting within the prescribed period, it shall be deemed that the Audit Committee does not convene and preside over the general meeting, and the shareholder(s) individually or jointly holding over 10% of the shares of the Company for more than 90 consecutive days may convene and preside over the meeting on its/their own.

Proposals and Notices of the General Meeting

When the Company holds a general meeting, the Board of Directors, the Audit Committee and the shareholder(s) individually or jointly holding more than 1% of the Company's shares shall have the right to make proposals to the Company.

The shareholder(s) individually or jointly holding more than 1% of the Company's shares may put forward interim proposals and submit such proposals in writing to the convener 10 days before the general meeting is held. The convener shall issue a supplemental notice of the general meeting within 2 days upon the receipt of such proposals, announce the content of the interim proposals and submit the same to the general meeting for consideration, provided that such proposals shall not violate laws, administrative regulations or the Articles of Association, and shall fall within the scope of authority of the general meeting. If the general meeting is required to be adjourned due to the publication of a supplementary notice of the general meeting in accordance with the securities regulatory rules of the place where the Company's shares are listed, the convening of the general meeting shall be adjourned in accordance with the securities regulatory rules of the place where the Company's shares are listed.

Except for the circumstances prescribed in the preceding paragraph, the convener shall not modify the proposals listed or add any new proposal in the notice of the general meeting after issuing the notification announcement.

Proposals not set out in the notice of the general meeting or not in compliance with the Articles of Association shall not be voted on or resolved on at the general meeting.

APPENDIX III

SUMMARY OF ARTICLES OF ASSOCIATION

The convener shall inform each shareholder of the annual general meeting by an announcement 21 days before convening such meeting and shall inform each shareholder of the extraordinary general meeting by an announcement 15 days before convening such meeting. The Company shall exclude the day on which the meeting is convened from calculation of the commencement period.

The notice of a general meeting shall include the following:

- (i) the date, venue and duration of the meeting;
- (ii) the matters and proposals to be considered at the meeting;
- (iii) a prominent written statement that each shareholder shall have the right to attend the general meeting, and may appoint a proxy in writing, who need not be a shareholder, to attend and vote on his/her behalf;
- (iv) the shareholding registration date for shareholders entitled to attend the general meeting;
- (v) the name and telephone number of permanent contact persons for the affairs of the meeting;
- (vi) the voting time and procedure via the internet or through other means (if any).

After issuance of the notice for the general meeting, the general meeting shall not be postponed or cancelled without proper reasons and the proposals specified in such notice shall not be withdrawn. In case of postponement or cancellation, the convener shall make an announcement and give reasons at least two working days prior to the date on which the meeting is originally scheduled. If the securities regulatory rules of the place where the Company's shares are listed have special provisions regarding the procedures for postponing or canceling a general meeting, such provisions shall prevail, provided that they do not violate domestic regulatory requirements.

Holding of the General Meeting

All shareholders or their proxies registered in the register of members on the record date shall be entitled to attend the general meeting and exercise their voting rights in accordance with relevant laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association, unless individual shareholders are required to waive their voting rights on specific matters due to the securities regulatory rules of the place where the Company's shares are listed.

APPENDIX III

SUMMARY OF ARTICLES OF ASSOCIATION

Any shareholder entitled to attend and vote at the general meeting may attend the general meeting in person or appoint one or more proxies (who may not be a shareholder) to attend and vote on their behalf. Such proxy may exercise the following rights in accordance with his or her appointment by the shareholder:

- (i) the shareholder's right to speak at the general meeting;
- (ii) the right to demand a poll alone or jointly with others;
- (iii) to exercise voting rights by poll.

The general meeting shall be presided over by the chairman of the Board. If the chairman is unable to or fails to perform his duties, the meeting shall be presided over by a director jointly elected by more than half of the directors.

A general meeting convened by the Audit Committee itself shall be presided over by the chairman of the Audit Committee. If the chairman of the Audit Committee cannot or fails to perform his/her duty, the meeting shall be presided over by a member of the Audit Committee jointly elected by more than half of the members of the Audit Committee.

A general meeting convened by the shareholders themselves shall be chaired by the convener or a representative elected by the shareholders.

Where a general meeting is held and the chairman of the meeting violates the rules of procedure which makes it difficult for the general meeting to continue, a person may be elected at the general meeting to act as the chairman and preside over the meeting so as to carry on with the general meeting, subject to the approval of more than half of the shareholders who physically attend the meeting and have the voting rights.

The Company shall formulate rules of procedure for the general meeting to specify in detail the convening, holding and voting procedures of the general meeting, including the notice, registration, consideration of proposals, voting, counting of votes, announcement of voting results, formation of resolutions, meeting minutes and signing thereof and announcement, as well as the principle of authorization by the general meeting to the Board. The content of authorization shall be clear and specific. The rules of procedure for general meetings shall be appended to the Articles of Association, formulated by the Board of Directors, and approved by the general meeting.

Voting and Resolutions of the General Meeting

The resolutions of the general meeting shall be classified as ordinary resolutions and special resolutions.

Ordinary resolutions at a general meeting shall be passed by more than half of the voting rights held by shareholders (including shareholder proxies) attending the meeting.

APPENDIX III

SUMMARY OF ARTICLES OF ASSOCIATION

A special resolution at a general meeting shall be passed by more than two-thirds of the voting rights held by shareholders (including shareholder proxies) attending the meeting.

The following matters shall be resolved by an ordinary resolution at a general meeting:

- (i) work reports of the Board of Directors;
- (ii) plans for profit distribution and recovery of losses prepared by the Board of Directors;
- (iii) appointment and dismissal of the members of the Board of the Directors, and their remuneration and payment methods;
- (iv) matters other than those which shall be passed by special resolutions as specified by laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed, or the Articles of Association.

The following matters shall be passed through special resolution at the general meeting:

- (i) the increase or reduction of the registered capital of the Company;
- (ii) the division, spin-off, merger, dissolution and liquidation of the Company;
- (iii) the amendment to the Articles of Association;
- (iv) the purchases or sales of material assets by the Company within one year or the guarantee amount provided to others exceeding 30% of the latest audited total assets of the Company;
- (v) the equity incentive plan;
- (vi) other matters stipulated by laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed, or the Articles of Association, as well as other matters that the general meeting determines by ordinary resolution will have a significant impact on the Company and need to be passed by special resolution.

If share capital of the Company includes different classes of shares, unless otherwise provided, any variation of the rights attached to shares of any class shall be subject to approval by a special resolution of the shareholders holding voting rights present at a meeting of that class of shares. For the purposes of this Article, the A shares and H shares of the Company are deemed to be of the same class.

APPENDIX III

SUMMARY OF ARTICLES OF ASSOCIATION

Shareholders (including shareholder proxies) shall exercise their voting rights according to the number of voting shares they represent, and each share shall have one vote. When a poll is held, shareholders (including their proxies) having the right to cast two or more votes need not use all of their voting rights in the same way as for, against or abstain. If the securities regulatory rules of the places where the shares of the Company are listed have other provisions, such provisions shall prevail.

Where any material matter that has an impact on the interests of minority investors is considered at a general meeting, the votes cast by minority investors shall be counted separately. The results of the separate counting shall be disclosed to the public in a timely manner.

Shares of the Company held by the Company shall carry no voting rights, and shall be excluded from the total voting shares held by shareholders present at a general meeting.

If a shareholder’s purchase of the Company’s voting shares violates the provisions of (i) and (ii) of Article 63 of the Securities Law, the portion of the shares over the prescribed ratio shall not be allowed to exercise voting rights for a period of thirty-six months after the purchase and shall not be counted towards the total number of voting shares held by shareholders present at the general meeting.

Where any shareholder is required to abstain from voting on a relevant resolution, or is restricted to voting only for or against a specified resolution, in accordance with the requirements of relevant laws, administrative regulations, and the securities regulatory rules of the place where the Company’s shares are listed, any vote cast by such shareholder or his or her proxy in violation of the aforementioned provisions or restrictions shall not be counted in the voting results.

The Board of Directors, independent directors and shareholders holding more than 1% of the voting shares or investor protection institutions established in accordance with laws, administrative regulations or the provisions of the CSRC may solicit voting rights from shareholders. When soliciting voting rights from shareholders, specific voting intentions and other information must be fully disclosed to the persons being solicited. It is prohibited to solicit voting rights from shareholders in a paid or disguised pay way. Except for statutory conditions, the Company may not impose any minimum shareholding ratio restrictions on the solicitation of voting rights.

When matters relating to related transactions are considered at a general meeting, the related shareholders shall abstain from voting, and the number of voting shares represented by them shall not be counted into the total number of valid votes; and the announcement of any resolution made at the general meeting should fully disclose the voting information of the non-related shareholders.

Votes at the general meeting shall be taken by way of registered poll.

Shareholders attending the general meeting shall express one of the following opinions on any resolution to be voted on: for, against or abstain.

APPENDIX III

SUMMARY OF ARTICLES OF ASSOCIATION

The securities registration and settlement institution, as the nominee holder of shares under the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect (內地與香港股票市場交易互聯互通機制), or the GDR depositary, as the nominee holder of the underlying A shares corresponding to the GDRs, or an authorized clearing house or its agent as the nominee holder as defined in the relevant ordinances in force from time to time under the laws of Hong Kong, shall make declarations in accordance with the intentions of the actual holders.

Blank, wrongly filled, illegible or uncast votes shall be deemed as the voters’ waiver of their voting rights, and the voting results representing the shares held by such voters shall be counted as “abstain”.

DIRECTORS AND BOARD OF DIRECTORS

Directors

Directors of the Company are natural persons. A person shall not serve as a director if:

- (i) a person who has no capacity or has restricted capacity for civil conduct;
- (ii) a person who has been sentenced to criminal punishment for corruption, bribery, embezzlement of property, misappropriation of property or disruption of the socialist market economic order; or has been deprived of political rights because of committing an offence, in each case where less than 5 years have elapsed since the expiration of the execution period, and in the case of a suspended sentence, less than 2 years have elapsed since the expiration of the probation period;
- (iii) a person who is a former director, factory director or manager of a company or an enterprise which was insolvent and liquidated and who was personally liable for the insolvency of such company or enterprise, where less than 3 years have elapsed since the date of the completion of the insolvency and liquidation of such company or enterprise;
- (iv) a person who was the legal representative of a company or an enterprise whose business license has been revoked and was ordered to close up due to the violation of laws and who is personally liable for the revocation or the closure, where less than 3 years have elapsed since the date of the revocation of the business license or order of closure of such company or enterprise;
- (v) a person who has a relatively large amount of personal indebtedness which is overdue and outstanding and has been listed as a discredited subject to enforcement by a People’s Court;
- (vi) a person who has been banned from entering the securities market by the CSRC and whose term has not yet expired;

APPENDIX III

SUMMARY OF ARTICLES OF ASSOCIATION

- (vii) a person who is deemed to be disqualified to act as a director or senior management of listed companies by the stock exchange, where the disqualification period remains effective;
- (viii) other content as stipulated by the laws, administrative regulations, departmental rules or the regulatory rules of the place(s) where the Company's shares are listed.

For any election and appointment of a director in contravention of this provision, such election, appointment or employment shall be void and null. If a director falls under the circumstances set forth in this provision during his/her term of office, the Company will remove him/her from his/her position and suspend his/her duties.

Directors shall be elected or replaced by the general meeting, and may be removed by the general meeting before the expiration of their term of office. Directors shall serve a term of 3 years and shall be eligible for re-election upon the expiration of the term. If the securities regulatory rules of the place where the Company's shares are listed have special provisions regarding the re-election of directors, such provisions shall prevail.

The term of a director shall start from the date on which the said director assumes office until the expiry of the term of the prevailing session of the Board. If the term of office of a director expires without timely re-election, the original director shall still perform the duties of a director in accordance with laws, administrative regulations, departmental rules and the Articles of Association before the newly elected director takes office.

Subject to the relevant regulations and securities regulatory rules of the place where the Company's shares are listed, if the Board of Directors appoints a new director to fill a casual vacancy or as an additional director, the term of office of the director so appointed shall expire at the first annual general meeting of the Company after his or her appointment, and he or she shall then be eligible for re-election.

A director may serve concurrently as a member of the senior management, but the directors serving concurrently as such and the directors being employee representatives shall not be more than half of all directors of the Company.

Directors shall, in accordance with laws, administrative regulations and the Articles of Association, owe loyalty duties to the Company. They should take measures to avoid conflicts between their own interests and those of the Company, and should not use their authority of office to obtain improper benefits.

Directors shall undertake the following loyalty duties to the Company:

- (i) not to misappropriate the Company's properties or divert the funds of the Company;
- (ii) not to deposit any funds of the Company in an account opened in their names or in the names of others;

APPENDIX III

SUMMARY OF ARTICLES OF ASSOCIATION

- (iii) not to abuse their authority in bribes or accepting other unlawful income;
- (iv) not to enter into any contract or conduct any transaction, directly and indirectly, with the Company without reporting to the Board of Directors or the general meeting and obtaining approval through resolutions by the Board of Directors or the general meeting as stipulated in the Articles of Association;
- (v) not to take advantage of their positions to seek any business opportunities that are due to the Company for themselves or others, unless such business opportunities are not available to the Company upon reporting to the Board of Directors or the general meeting and obtaining approval through resolutions by the general meeting or as required in laws, administrative regulations or the Articles of Association;
- (vi) not to conduct any businesses similar to those of the Company for themselves or others without reporting to the Board of Directors or the general meeting and obtaining approval through resolutions by the general meeting;
- (vii) not to take any commission for any transaction between other parties and the Company as their own;
- (viii) not to disclose any secret of the Company;
- (ix) not to use his or her connected relationships to harm the interests of the Company;
- (x) to fulfill other obligations of loyalty stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the shares of the Company are listed, and the Articles of Association.

Directors' income derived from violation of this provision shall belong to the Company; and directors shall be liable to compensate any loss incurred to the Company.

The provisions of item (iv) above shall apply to contracts entered into or transactions conducted with the Company by close relatives of directors and senior management, enterprises directly or indirectly controlled by directors, senior management or their close relatives, and connected persons who have other connected relationships with directors and senior management.

Directors shall, in accordance with laws, administrative regulations and the Articles of Association, owe diligence duties to the Company. In performing their duties, they shall exercise the reasonable care that shall be generally possessed by a manager for the best interests of the Company.

APPENDIX III

SUMMARY OF ARTICLES OF ASSOCIATION

Directors shall bear the following diligence duties to the Company:

- (i) to exercise the rights conferred by the Company with due discretion, care and diligence to ensure the business operations of the Company comply with the State's laws, administrative regulations and requirements of the State's economic policies, not exceeding the scope of business specified in the Company's business license;
- (ii) to treat all shareholders impartially;
- (iii) to master the operation and management conditions of the Company in time;
- (iv) to sign the written confirmation opinions for the regular reports of the Company, to ensure that the information disclosed by the Company is true, accurate and complete;
- (v) to honestly provide the Audit Committee with relevant information and data, and not interfere with the Audit Committee or any member of the Audit Committee in performing its/his/her duties and powers;
- (vi) other duties of diligence stipulated by laws, administrative regulations, departmental rules, securities regulatory rules of the place(s) where the Company's shares are listed and the Articles of Association.

A director may resign prior to expiry of his/her tenure. A resigning director shall submit a written resignation report to the Company, and the resignation shall become effective on the date the Company receives the resignation report. The Company shall disclose the relevant information as soon as practicable within two trading days.

If the number of members of the Board of Directors of the Company shall fall below the statutory quorum as a result of the resignation of a director, the said director shall continue fulfilling the duties as director pursuant to laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association until a new director is elected.

The general meeting may resolve to remove a director, and the removal shall take effect on the date the resolution is passed. If a director is removed from office before the expiration of his or her term without due cause, the director may claim compensation from the Company.

Save as specified in the Articles of Association or duly authorized by the Board, no director shall act on behalf of the Company or the Board in his/her own name. If a director acts in his/her own name but a third party may reasonably think the said director is acting on behalf of the Company or the Board, the said director shall make a prior statement of his/her standpoint and capacity.

APPENDIX III

SUMMARY OF ARTICLES OF ASSOCIATION

Board of Directors

The Company shall have a Board of Directors, which shall comprise seven directors, including one employee representative director. The Company shall have a chairman of the Board of Directors. The chairman of the Board of Directors shall be elected by a majority of all directors of the Board of Directors. Directors of the Company may include executive directors and non-executive directors. Non-executive directors refer to individuals who do not hold any positions in the Company other than that of a director.

The Board of Directors shall exercise the following functions and powers:

- (i) to be responsible for convening the general meeting and reporting its work to the general meeting;
- (ii) to implement the resolutions adopted by the general meeting;
- (iii) to determine the Company's business plans and investment plans;
- (iv) to formulate the Company's profit distribution plans and plans to cover losses;
- (v) to formulate the plans for the increase or reduction of the Company's registered capital and the plans for the issuance of the Company's bonds or other securities and listing plans;
- (vi) to draft the plans for major acquisitions, repurchases of the Company's shares or merger, division, dissolution or change of the corporate form of the Company;
- (vii) to determine, within the scope authorized by the general meeting, such matters as the Company's external investments, the purchase and sale of assets, asset mortgages, external guarantees, entrusted wealth management, related-party transactions and external donations;
- (viii) to decide on the establishment of the Company's internal management organizations;
- (ix) to decide to appoint or remove the Company's general manager, the secretary of the Board of Directors and other senior management members, and decide on matters relating to their remuneration and rewards; and according to the nomination of the general manager, to decide to appoint or remove the senior management members of the Company, such as the deputy general manager and chief financial officer and decide on matters relating to their remuneration and rewards;
- (x) to formulate the basic management systems of the Company;
- (xi) to formulate any proposed amendment to the Articles of Association;

APPENDIX III

SUMMARY OF ARTICLES OF ASSOCIATION

- (xii) to manage the information disclosure of the Company;
- (xiii) to propose to the general meeting the appointment or replacement of an accounting firm that performs audits for the Company;
- (xiv) to listen to the work report of the general manager of the Company and inspect the work of the general manager;
- (xv) other powers and duties conferred by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the shares of the Company are listed, or the Articles of Association.

Matters beyond the scope of authorization of the general meeting shall be submitted to the general meeting for consideration.

The Board of Directors shall formulate the rules of procedure for the Board of Directors to ensure the implementation of resolutions of general meetings, enhance work efficiency, and ensure scientific decision-making. The rules of procedure for the Board of Directors shall be annexed to the Articles of Association, formulated by the Board of Directors, and submitted to the general meeting for approval.

Directors shall hold at least four meetings every year and such meetings shall be convened by the chairman of the Board. All directors shall be informed in writing 14 days before the meeting.

Shareholders representing more than one-tenth of the voting rights, more than one-third of the directors, or the Audit Committee may propose to convene an extraordinary Board meeting. A Board meeting shall be convened and presided over by the chairman within 10 days upon receipt of the proposal.

No Board meeting shall be held unless attended by a majority of directors. Any resolution passed by the Board of Directors shall require affirmative votes by a majority of directors.

When voting on the Board of Directors' resolutions, one director shall have one vote.

Where a director has a related relationship with any enterprise or person involved in a matter to be resolved at a Board meeting, such director shall promptly report in writing to the Board of Directors, and he/she shall not exercise his/her voting rights for such resolution, nor exercise voting rights on behalf of other director(s). The Board meeting shall not be held unless attended by a majority of directors without any related relationship, and any resolution made at the Board meeting must be passed by a majority of directors without any such related relationship. Where the number of directors without any related relationship attending the meeting is less than three, the matter shall be submitted to the general meeting for

APPENDIX III

SUMMARY OF ARTICLES OF ASSOCIATION

consideration. Where laws, administrative regulations and the securities regulatory rules of the place where the Company’s shares are listed impose additional restrictions on directors’ participation in Board meetings and voting, such provisions shall prevail.

If a shareholder holding 10% or more of the Company’s voting rights or a director has a conflict of interest in a matter to be considered by the Board of Directors which the Board of Directors has determined to be material, the relevant matter shall be dealt with by means of holding a Board meeting (but not written resolutions). Independent directors who, and whose close associates (as defined in the Hong Kong Listing Rules), have no material interest in the transaction should attend the relevant Board meeting.

Independent directors

Independent directors, as members of the Board of Directors, owe loyalty duties and diligence duties to the Company and all shareholders, and shall prudently perform the following duties:

- (i) to participate in the decision-making of the Board and express clear opinions on matters under discussion;
- (ii) to supervise any potential material conflict of interest between the Company and its controlling shareholders, de facto controllers, directors or senior management members, and protect the legitimate rights and interests of minority shareholders;
- (iii) to provide professional and objective advice on the Company’s operations and development to promote improvement in the decision-making quality of the Board;
- (iv) other duties as stipulated by laws, administrative regulations, the provisions of the CSRC, securities regulatory rules of the place(s) where the Company’s shares are listed, and the Articles of Association.

Independent directors shall exercise the following special functions and powers:

- (i) to engage an intermediary institution independently for auditing, consultation or verification on specific matters of the Company;
- (ii) to propose to the Board of Directors for the convening of extraordinary general meetings;
- (iii) to propose the convening of Board meetings;
- (iv) to publicly solicit shareholders’ rights from shareholders in accordance with the law;
- (v) to express independent opinions on matters that may jeopardize the rights and interests of the Company or minority shareholders;

APPENDIX III

SUMMARY OF ARTICLES OF ASSOCIATION

- (vi) other functions and powers as stipulated by laws, administrative regulations, the provisions of the CSRC, securities regulatory rules of the place(s) where the Company's shares are listed, and the Articles of Association.

In the event that independent directors exercise the functions and powers listed in items (i) to (iii) of the preceding paragraph, the exercise of such functions and powers shall be subject to the approval of a majority of all the independent directors.

The following matters shall be submitted to the Board of Directors for deliberation after the consent of a majority of all the independent directors of the Company is obtained:

- (i) related party transactions that should be disclosed;
- (ii) the plan for the Company and related parties to change or waive undertakings;
- (iii) decisions made and measures taken by the Board of Directors of the acquired listed company in relation to the acquisition;
- (iv) other matters stipulated by laws, administrative regulations, the provisions of the CSRC, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association.

The Company has established a special meeting mechanism to be attended solely by independent directors. Where the Board of Directors reviews matters such as connected transactions, they shall be pre-approved by a special meeting of independent directors.

The Company shall hold special meetings of independent directors on a regular or irregular basis. Matters concerning the exercise of special powers by independent directors as stipulated in items (i) to (iii) of the Articles of Association, and matters that require the approval of more than half of all independent directors of the Company before being submitted to the Board for deliberation, shall be considered at a special meeting of independent directors.

Special committees of the Board

The Board of Directors of the Company shall establish an Audit Committee to exercise the functions and powers stipulated by laws, administrative regulations, and the securities regulatory rules of the stock exchange where the Company's shares are listed.

The Audit Committee shall consist of three members, all of whom shall be non-executive directors, with independent directors forming a majority. The convener shall be an independent director who possesses accounting or financial management expertise as required by the securities regulatory rules of the place where the Company's shares are listed. Employee representative directors may serve as members the Audit Committee.

APPENDIX III

SUMMARY OF ARTICLES OF ASSOCIATION

The Board of Directors of the Company shall establish special committees for strategy and sustainable development, nomination, and remuneration and appraisal, which shall perform their duties in accordance with the Articles of Association and the authorization of the Board of Directors. Proposals from the special committees shall be submitted to the Board of Directors for consideration and decision. The working procedures of the special committees shall be formulated by the Board of Directors.

The Strategy and Sustainability Committee shall consist of five directors, while the Nomination Committee and the Remuneration and Appraisal Committee shall each consist of three directors. Among the Nomination Committee and the Remuneration and Appraisal Committee, independent directors shall constitute more than half of the members and shall serve as conveners. However, if the relevant competent departments of the State Council have other provisions for the conveners of the special committees, such provisions shall prevail.

MEMBERS OF THE SENIOR MANAGEMENT

The Company shall have one general manager, who shall be appointed or dismissed by the Board of Directors.

The deputy general manager of the Company shall be appointed or dismissed by the Board of Directors.

Senior management members of the Company refer to the general manager, deputy general managers, the secretary of the Board of Directors, the financial director, and other senior management members recognized by the Board of Directors.

The provisions of the Articles of Association regarding the circumstances under which one is not allowed to serve as a director and the management system on resignations shall also apply to the senior management.

The provisions of the Articles of Association regarding the loyalty duties and diligence duties of directors shall also apply to the senior management.

The general manager shall be accountable to the Board of Directors and exercise the following functions and powers:

- (i) to be in charge of the Company’s production, operation and management, to organize and implement the resolutions of the Board and to report his/her work to the Board;
- (ii) to organize and implement the Company’s annual business plans and investment plans;
- (iii) to formulate the Company’s plans for the establishment of its internal management structure;

APPENDIX III

SUMMARY OF ARTICLES OF ASSOCIATION

- (iv) to formulate the Company's basic management system;
- (v) to formulate specific regulations of the Company;
- (vi) to propose to the Board of Directors to appoint or dismiss the deputy general manager and the chief financial officer of the Company;
- (vii) to appoint or dismiss the management officers other than those required to be appointed or dismissed by the Board of Directors;
- (viii) to exercise other functions and powers as conferred by the Articles of Association or the Board.

The general manager of the Company shall attend Board meetings.

The general manager shall formulate working rules for the general manager, and these shall be implemented after approval by the Board of Directors.

FINANCIAL AND ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDIT

Financial and Accounting System

The Company shall establish its financial and accounting system in accordance with laws, administrative regulations and the provisions of relevant PRC authorities.

Within four months from the date of the expiration of each accounting year, an annual report shall be submitted and disclosed to the local branch of the CSRC and the stock exchange(s) at the place(s) where the Company's shares are listed respectively. Within two months after the first half of each accounting year, an interim report shall be submitted and disclosed to the local branch of the CSRC and the stock exchange respectively.

The aforesaid annual reports or interim reports shall be prepared in accordance with the relevant laws, administrative regulations and rules of the CSRC, the stock exchange(s), the securities regulation authorities in the place(s) where the Company's shares are listed.

The Company shall not set up other account books except for the statutory account books. The Company's assets shall not be deposited in any account opened in the name of any individual.

APPENDIX III

SUMMARY OF ARTICLES OF ASSOCIATION

In distributing the current year’s profits after tax, 10% of the profits shall be allocated to the Company’s statutory reserve funds. When the aggregate amount of the statutory reserve funds has reached more than 50% of the Company’s registered capital, further appropriations are not required.

If the statutory reserve funds of the Company are insufficient to make up the losses of the previous year, the profits of the current year shall be used to make up such losses before allocating to the statutory reserve funds in accordance with the preceding paragraph.

After the allocation of its profits after tax to its statutory reserve funds, the Company may allocate its profits after tax to its discretionary reserve funds upon a resolution of the general meeting. The remaining profits after tax after the Company has made up its losses and allocated to its reserve funds may be distributed to its shareholders in proportion to their shareholdings unless it is stipulated in the Articles of Association that no profit distribution shall be made in accordance with shareholdings.

If the general meeting distributes profits to shareholders in violation of the Company Law, the shareholders shall return the profits distributed in violation of such law to the Company; and the shareholders and the directors and senior management who are held accountable for any loss of the Company arising therefrom, shall assume compensation liabilities.

The shares of the Company held by the Company shall not participate in the distribution of profits.

The Company shall appoint one or more collection agents for GDR holders and H shareholders. The collection agent shall collect and safekeep the dividends and other amounts payable by the Company in respect of the GDRs and H shares on behalf of the relevant GDR holders and H shareholders. The collection agent appointed by the Company shall comply with the requirements of laws and regulations and the securities regulatory rules of the place where the Company’s shares are listed.

The Company’s profit distribution policies are as follows:

(i) Principles of profit distribution:

The Company implements a continuous and stable profit distribution policy, and its profit distribution should emphasize reasonable investment returns for investors while taking into account the Company’s actual operating conditions and sustainable development. Among them, the goal of the cash dividend policy is to distribute dividends in accordance with the conditions and requirements for cash dividends stipulated in the Articles of Association.

APPENDIX III

SUMMARY OF ARTICLES OF ASSOCIATION

(ii) Form of profit distribution:

The Company may distribute profits in the form of cash dividends, share dividends, a combination of cash dividends and share dividends, or other methods permitted by laws and administrative regulations. Among the profit distribution forms, cash dividends shall have priority over stock dividends. If the conditions for cash dividends are met, cash dividends shall be used for profit distribution. Where profits are distributed by way of stock dividends, true and reasonable reasons such as the Company’s growth and dilution of net asset value per share shall be taken into consideration.

The Company may distribute dividends to H shareholders in foreign currency, and the exchange and cross-border flow of relevant funds shall comply with national regulations on foreign exchange administration and cross-border RMB administration.

The Company’s reserve funds shall be used to make up the losses of the Company or expand the production operations, or be converted to increase the registered capital of the Company.

The discretionary reserve funds and statutory reserve funds shall be used first to make up the Company’s losses; if the losses cannot be covered, the capital reserve funds can be used in accordance with the regulations.

When the statutory reserve funds are converted into registered capital, the remainder of the reserve funds shall not be less than 25% of the Company’s registered capital prior to such conversion.

Internal Audit

The Company implements an internal audit system, which specifies the leadership system, responsibilities and authorities, staffing, funding security, use of audit results, and accountability in relation to internal audit work.

The internal audit agency of the Company shall supervise and inspect matters such as the Company’s business activities, risk management, internal control, and financial information.

Engagement of an Accounting Firm

The Company shall engage an accounting firm that complies with the provisions of the Securities Law and the securities regulatory rules of the place(s) where the Company’s shares are listed to perform services such as auditing of accounting statements, verification of net assets, and other related consulting services for a period of one year, which may be renewed.

The engagement and dismissal of an accounting firm by the Company shall be decided at the general meeting, and the Board shall not engage an accounting firm before the decision at the general meeting is made.

APPENDIX III

SUMMARY OF ARTICLES OF ASSOCIATION

The Company guarantees to provide the hired accounting firm with true and complete accounting vouchers, accounting books, financial accounting reports, and other accounting materials, and shall not reject, conceal or make false reports of any information.

CAPITAL INCREASE AND DECREASE, DISSOLUTION AND LIQUIDATION

Merger, Division, Capital Increase and Decrease

The merger of the Company may take the form of either a merger by absorption or a merger by incorporation.

A merger by absorption means that a company absorbs another company, and the company being absorbed shall be dissolved. A merger by incorporation means that a merger of two or more companies through the establishment of a new company and the companies being consolidated shall be dissolved.

In the event of a merger, 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 its creditors within 10 days from the date of the Company’s resolution on merger and shall publish an announcement in the designated media or the National Enterprise Credit Information Publicity System within 30 days from the date of such resolution. The creditors may require the Company to repay debts or provide corresponding guarantees for debt repayment within 30 days after the receipt of the notice, or within 45 days after the announcement for creditors if the creditors have not received the notice.

In the event of a merger, creditors’ rights or debts of each of the parties to the merger shall be assumed by the company which survives the merger or the newly established company.

In the event of a division of the Company, its properties shall be divided up accordingly.

In the event of a division, a balance sheet and an inventory of assets shall be prepared. The Company shall notify its creditors within 10 days from the date of the Company’s resolution on division and shall publish an announcement in the designated media or the National Enterprise Credit Information Publicity System (國家企業信用信息公示系統) within 30 days from the date of such resolution.

For the debts of the Company prior to the division, the companies after the division shall bear joint and several liabilities, unless otherwise specified in the written agreement on debt repayment reached between the Company and its creditors before the division.

The Company shall prepare a balance sheet and an inventory of assets when it reduces its registered capital.

APPENDIX III

SUMMARY OF ARTICLES OF ASSOCIATION

The Company shall notify its creditors within 10 days from the date of the Company's resolution on the reduction of its registered capital and shall publish an announcement in the designated media or the National Enterprise Credit Information Publicity System within 30 days from the date of such resolution. The creditors shall be entitled to require the Company to repay debts or provide corresponding guarantees for debt repayment within 30 days after the receipt of the notice, or within 45 days after the announcement for creditors if the creditors have not received the notice.

Unless otherwise provided by law or the Articles of Association, the Company's reduction of registered capital shall be made by proportionally reducing the capital contribution or shares held by shareholders.

The Company shall, in accordance with the laws, apply for a change in its registration with the company registration authority where a change in any item in its registration arises out of a merger or division. Where the Company is dissolved, the Company shall apply for its deregistration in accordance with the laws. Where a new company is established, the Company shall complete registration thereof in accordance with laws.

The Company shall, in accordance with the laws, complete change registration with the company registration authority where it increases or reduces its registered capital.

Dissolution and Liquidation

The Company shall be dissolved for the following reasons:

- (i) the expiration of the business period as stipulated in the Articles of Association or the occurrence of other grounds for dissolution as stipulated in the Articles of Association;
- (ii) dissolution resolved by the general meeting;
- (iii) requiring dissolution due to the merger or division of the Company;
- (iv) the business license being revoked, or being ordered to close or revoked in accordance with the law;
- (v) where the Company's operations and management encounter serious difficulty, and its continuation will cause substantial losses to the interests of the shareholders and no solution can be found through any other channel, shareholders holding 10% or more of voting rights of the Company may make requisition to the People's Court to dissolve the Company.

On the occurrence of the dissolution events stipulated in the preceding paragraph, the Company shall make an announcement on the National Enterprise Credit Information Publicity System within 10 days.

APPENDIX III

SUMMARY OF ARTICLES OF ASSOCIATION

Where the Company falls under any of the circumstances specified in above-mentioned items (i) and (ii) and has not distributed any property to its shareholders, the Company may continue to exist by amending the Articles of Association or by resolutions of the general meeting.

Amendments to the Articles of Association or resolutions made at the general meeting pursuant to the preceding paragraph shall be approved by more than two-thirds of the voting rights held by the shareholders present at the general meeting.

Where the Company is dissolved pursuant to above-mentioned items (i), (ii), (iv) and (v), a liquidation shall be conducted. In the event that directors are the liquidation obligors of the Company, a liquidation committee for liquidation shall be established within 15 days after the dissolution grounds arise. The liquidation committee shall comprise the directors, unless the Articles of Association stipulate otherwise or it is resolved to elect other person(s) at the general meeting.

The liquidation committee shall notify the creditors within 10 days from the date of its establishment, and make an announcement in the designated media or the National Enterprise Credit Information Publicity System within 60 days from the date of its establishment. The creditors shall declare their claims to the liquidation committee within 30 days from the date on which they receive such notice or within 45 days from the date of announcement if no such notice is received.

When declaring the claims, the creditors shall specify the relevant matters about the claims and provide evidence. The liquidation committee shall register such claims.

During the period of declaration of claims, the liquidation committee shall not repay any debts to the creditors.

The liquidation committee shall, after checking the Company's property and preparing a balance sheet and an inventory of assets, formulate a liquidation plan and present the same to the general meeting or the People's Court for confirmation.

The Company's assets shall be used for payments in the following sequence: payment of liquidation expenses, staff wages, social insurance expenditure and statutory compensation, payment of outstanding taxes, and payment of the Company's debts. The Company's residual assets after the above-mentioned payments shall be distributed to its shareholders in proportion of their shareholdings.

During the liquidation period, the Company continues to exist, but shall not carry out any business operation that is not for the purpose of carrying out liquidation.

Before the settlement of payments as prescribed in the preceding paragraph, the Company's property will not be distributed to shareholders.

APPENDIX III

SUMMARY OF ARTICLES OF ASSOCIATION

If the liquidation committee, having checked the Company's property and having prepared a balance sheet and an inventory of property, discovers that the Company's assets are insufficient to pay off its debts, it shall apply to the People's Court for a declaration of bankruptcy in accordance with the law.

After the People's Court accepts the application for insolvency, the liquidation committee shall transfer all liquidation affairs to the insolvency administrators appointed by the People's Court.

Upon completion of the liquidation of the Company, the liquidation committee shall prepare a liquidation report, submit the report to the general meeting or the People's Court for confirmation, submit the report to the company registration authority and apply for deregistration of the Company.

The Company declared insolvency according to law shall have insolvency liquidation carried out according to relevant enterprise insolvency laws.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Company shall amend the Articles of Association under any of the following circumstances:

- (i) Subsequent to the amendments to the Company Law or the relevant laws, administrative regulations, and the securities regulatory rules of the place(s) where the Company's shares are listed, the matters stipulated in the Articles of Association are in conflict with the provisions of the amended laws, administrative regulations and the securities regulatory rules of the place(s) where the Company's shares are listed;
- (ii) Changes in the conditions of the Company are inconsistent with the matters stipulated in the Articles of Association;
- (iii) The general meeting has decided to amend the Articles of Association.

Amendments to the Articles of Association passed by resolutions at the general meeting, which require examination and approval by the competent authorities, shall be submitted to the competent authorities for approval. Where any such amendment involves the registered particulars of the Company, the procedures for change registration shall be handled in accordance with the law.

The Board shall amend the Articles of Association in accordance with the resolution of the general meeting in relation to the amendment of the Articles of Association and the opinion on examination and approval from relevant regulatory authorities.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

FURTHER INFORMATION ABOUT OUR GROUP

Incorporation of our Company

Our Company was established as a limited liability company in the PRC on December 9, 1997 with the name of Shenzhen Sunwoda Electronic Co., Ltd. (深圳市欣旺達電子有限公司), and was converted into a joint stock limited company on October 15, 2008, under the laws of the PRC. Since April 21, 2011, our A Shares have been listed on the Shenzhen Stock Exchange with the stock code of 300207.

Our registered office is located at Comprehensive Building 1st Floor, Sections A-B 2nd Floor, Section D 2nd Floor, 9th Floor, No. 2 Longyao Road Shilong Community, Shiyan Street, Bao'an District, Shenzhen, Guangdong, PRC. Our registered place of business in Hong Kong is Room 1919, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong. We have been registered as a non-Hong Kong Company under Part 16 of the Companies Ordinance and Ms. Chan Pui Ching Christie will be our authorized representative 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 the 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

Save as disclosed in the section headed “History, Development and Corporate Structure — Corporate Development and Major Shareholding Changes” and the below, there has been no other alteration in the share capital of our Company during the two years immediately preceding the date of this Document.

On October 28, 2024, the 12th meeting of the sixth session of the Board approved the fulfillment of conditions and the vesting for the restricted stock grant and pursuant to which, 981,000 restricted shares were vested according to 2022 Share Incentive Plan. Following the vesting of relevant restricted shares, the total share capital of our Company increased from 1,862,217,256 A Shares to 1,863,198,256 A Shares.

On February 7, 2024, the fourth meeting of the sixth session of the Board approved a repurchase mandate, pursuant to which that the Company would use its own funds to repurchase the issued A-shares. From May 29, 2024 to November 12, 2024, the Company repurchased a total of 17,391,910 A Shares. After the cancellation of these shares, the Company's total share capital decreased from 1,863,198,256 shares to 1,845,806,346 shares.

On August 26, 2025, the Board approved the fulfillment of conditions and the vesting for the restricted stock grant and pursuant to which 1,656,100 restricted shares were vested according to 2022 Share Incentive Plan. Following the vesting of relevant restricted shares, the total share capital of our Company increased from 1,845,806,346 A Shares to 1,847,462,446 A Shares.

A summary of the corporate information and the particulars of our subsidiaries are set out in the Accountants' Report in Appendix I to this Document.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

Changes in the Share Capital of our Major Subsidiaries

We have applied to the Stock Exchange for, and the Stock Exchange [has granted] us a waiver from strict compliance with the requirements of paragraph 26 of Appendix D1A to the Listing Rules in relation to the disclosure of information relating to the changes in the share capital of any member of our Group within two years immediately preceding the date of this document. For details, see “Waivers and Exemptions — Waiver in Respect of Alteration in Share Capital”. The following sets out the changes in the share capital of the Company’s major subsidiaries during the two years immediately preceding the date of this Document:

On August 28, 2023, Nanchang Sunwoda New Energy Co., Ltd. (南昌欣旺達新能源有限公司) increased its registered capital from RMB484,800,000 to RMB3,020,800,000.

On January 31, 2024, Deyang Sunwoda New Energy Co., Ltd. (德陽欣旺達新能源有限公司) increased its registered capital from RMB300,000,000 to RMB400,000,000.

On May 31, 2024, Sunwoda Huizhou New Energy Co., Ltd. (欣旺達惠州新能源有限公司) increased its registered capital from RMB4,060,265,900 to RMB6,060,265,900.

Save as disclosed above, there had been no alterations of share capital of our Major Subsidiaries within the two years preceding the date of this Document.

Resolutions of our Shareholders

Pursuant to the Shareholders’ meeting held on July 24, 2025, the following resolutions, among others, were duly passed:

- (a) the issue by our Company of H Shares of nominal value of RMB1.00 each and such H Shares be [REDACTED] on the Hong Kong Stock Exchange;
- (b) the number of H Shares to be issued 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 H Shares issued pursuant to the [REDACTED];
- (c) subject to the completion of the [REDACTED], the conditional adoption of the Articles of Association, which shall become effective on the [REDACTED], and the authorization to the Board to amend the Articles of Association in accordance with relevant laws and regulations and upon the request from the Hong Kong Stock Exchange and relevant PRC regulatory authorities; and
- (d) authorization to the Board and its authorized person(s) to handle all matters relating to, among other things, the [REDACTED], the issue and [REDACTED] of the H Shares.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

FURTHER INFORMATION ABOUT OUR BUSINESS

Summary of Material Contract

The following contract (not being contract entered into in the ordinary course of business) was entered into by our Group within the two years preceding the date of this Document and is or may be material:

- (a) the Hong Kong Underwriting Agreement.

Intellectual Property Rights

Save as disclosed below, as of the Latest Practicable Date, there were no other intellectual property rights which are or may be material in relation to our business.

Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Registered owner	Registration No.	Place of registration
1. . .		Our Company	302065248	Hong Kong
2. . .		Our Company	36196133	PRC
3. . .		Our Company	7299623	PRC
4. . .		Our Company	9652583	PRC
5. . .		Huizhou Winone Precision Technology Co., Ltd. (惠州市盈旺精密技術股份有限公司)	47339064	PRC
6. . .		Sunwoda Mobility Energy	72123056	PRC

APPENDIX IV STATUTORY AND GENERAL INFORMATION

Patents

As of the Latest Practicable Date, we had registered the ownership of and/or had the right to use the following patents which we consider to be or may be material to our business:

No.	Patent	Patent Owner	Patent category	Place of Registration
1. . .	Battery high-current fast charging and discharging protection and monitoring circuit (電池大電流快充與放電的保護與監控電路)	Our Company	Invention	PRC
2. . .	Mobile phone rechargeable battery (手機充電電池)	Our Company	Invention	PRC
3. . .	Battery fast charging PCB protection board (電池快速充電PCB保護板)	Our Company	Invention	PRC
4. . .	Battery SOC correction method, correction device and battery SOH estimation method (電池SOC的修正方法、修正裝置及電池SOH估算方法)	Our Company	Invention	PRC
5. . .	Dual battery fast charging structure and mobile terminal (雙電池快充結構和移動終端)	Our Company	Invention	PRC
6. . .	Battery, charger, battery management system and battery charging method (電池、充電器、電池管理系統以及電池充電方法)	Our Company	Invention	PRC
7. . .	Photovoltaic inverter, power grid dispatching system and power grid dispatching method (光伏逆變器、電網調度系統及電網調度方法)	Our Company	Invention	PRC
8. . .	Buck circuit with overvoltage protection circuit (具有過壓保護電路的Buck電路)	Our Company	Invention	PRC
9. . .	Capacity aging calculation method, system, battery energy storage device and storage medium (容量老化計算方法、系統、電池儲能設備及存儲介質)	Our Company	Invention	PRC

APPENDIX IV STATUTORY AND GENERAL INFORMATION

No.	Patent	Patent Owner	Patent category	Place of Registration
10.	Internal resistance aging calculation method, system, management system, automobile and storage medium (內阻老化計算方法、系統、管理系統、汽車及存儲介質)	Our Company	Invention	PRC
11.	Composite material and preparation method thereof, solid-state battery and electrical equipment (複合材料及其製備方法、固態電池以及用電設備)	Our Company	Invention	PRC
12.	Solid-state batteries and electrical equipment (固態電池及用電設備)	Our Company	Invention	PRC
13.	Battery swelling rate model establishment method, monitoring method, device and storage medium (電池鼓脹率的模型建立方法、監控方法、裝置及存儲介質)	Our Company	Invention	PRC
14.	A method and system for analyzing capacity decay failure of pouch lithium-ion batteries (一種軟包鋰離子電池容量衰退失效分析方法和系統)	Our Company	Invention	PRC
15.	Solid-state battery, preparation method, and electrical equipment (固態電池及製備方法、用電設備)	Our Company	Invention	PRC
16.	A lithium-ion battery (一種鋰離子電池)	Shenzhen Sunwoda Intelligent Technology Co., Ltd. (深圳欣旺達智能科技有限公司)	Invention	PRC
17.	A lithium battery rivet gun control and protection circuit (一種鋰電拉鉚槍控制與保護電路)	Shenzhen Sunwoda Intelligent Technology Co., Ltd. (深圳欣旺達智能科技有限公司)	Invention	PRC
18.	Lithium battery protection board and lithium battery (鋰電池保護板及鋰電池)	Shenzhen Sunwoda Intelligent Technology Co., Ltd. (深圳欣旺達智能科技有限公司)	Invention	PRC
19.	A method for cleaning a lithium-ion battery pole piece (一種鋰離子電池極片的清洗方法)	Huizhou Liwinon New Energy Technology Co., Ltd. (惠州鋰威新能源科技有限公司)	Invention	PRC

APPENDIX IV STATUTORY AND GENERAL INFORMATION

No.	Patent	Patent Owner	Patent category	Place of Registration
20.	A negative electrode slurry and preparation method thereof, a negative electrode sheet and secondary battery (一種負極漿料及其製備方法、負極片以及二次電池)	Huizhou Liwinon New Energy Technology Co., Ltd. (惠州鋰威新能源科技有限公司)	Invention	PRC
21.	A method for preparing positive electrode slurry and its application (一種正極漿料的製備方法及其應用)	Huizhou Liwinon New Energy Technology Co., Ltd. (惠州鋰威新能源科技有限公司)	Invention	PRC
22.	Silicon-oxygen negative electrode material and preparation method thereof, negative electrode sheet and secondary battery (一種硅氧負極材料及其製備方法、負極片和二次電池)	Zhejiang Liwinon Energy Technology Co., Ltd. (浙江鋰威能源科技有限公司)	Invention	PRC
23.	A negative electrode slurry and preparation method thereof, negative electrode sheet and secondary battery (一種負極漿料及其製備方法、負極片和二次電池)	Huizhou Liwinon New Energy Technology Co., Ltd. (惠州鋰威新能源科技有限公司)	Invention	PRC
24.	A silicon-based negative electrode active material, negative electrode sheet and lithium-ion battery (一種硅基負極活性材料、負極片和鋰離子電池)	Huizhou Liwinon New Energy Technology Co., Ltd. (惠州鋰威新能源科技有限公司)	Invention	PRC
25.	Diaphragm, battery and preparation method thereof (隔膜、電池及隔膜的製備方法)	Huizhou Liwinon New Energy Technology Co., Ltd. (惠州鋰威新能源科技有限公司)	Invention	PRC
26.	A safety coating and its application, electrode sheet and lithium-ion battery (一種安全塗層及其應用、電極片及鋰離子電池)	Zhejiang Liwinon Energy Technology Co., Ltd. (浙江鋰威能源科技有限公司)	Invention	PRC

APPENDIX IV STATUTORY AND GENERAL INFORMATION

No.	Patent	Patent Owner	Patent category	Place of Registration
27.	A negative electrode sheet and preparation method thereof, and lithium secondary battery (一種負極極片及其製備方法、鋰二次電池)	Sunwoda Mobility Energy	Invention	PRC
28.	Negative electrode sheet and preparation method thereof, lithium-ion battery and electrical equipment (負極極片及其製備方法、鋰離子電池和用電設備)	Sunwoda Mobility Energy	Invention	PRC
29.	Negative electrode active material, negative electrode sheet, lithium-ion battery and electrical equipment (負極活性材料、負極極片、鋰離子電池和用電設備)	Sunwoda Mobility Energy	Invention	PRC
30.	Positive electrode active materials and electrochemical devices (正極活性材料及電化學裝置)	Sunwoda Mobility Energy	Invention	PRC
31.	Positive electrode active material, battery and preparation method thereof (正極活性材料、電池及其製備方法)	Sunwoda Mobility Energy	Invention	PRC
32.	A composite diaphragm, secondary battery and electrical equipment (一種複合隔膜、二次電池及用電設備)	Sunwoda Mobility Energy	Invention	PRC
33.	Secondary batteries and battery packs (二次電池及電池包)	Sunwoda Mobility Energy	Invention	PRC
34.	Secondary batteries and electrical devices (二次電池及用電裝置)	Sunwoda Mobility Energy	Invention	PRC
35.	Secondary batteries and electrochemical devices (二次電池及電化學裝置)	Sunwoda Mobility Energy	Invention	PRC
36.	A secondary battery and preparation method thereof (一種二次電池及其製備方法)	Sunwoda Mobility Energy	Invention	PRC
37.	A secondary battery (一種二次電池)	Sunwoda Mobility Energy	Invention	PRC
38.	A secondary battery (一種二次電池)	Sunwoda Mobility Energy	Invention	PRC
39.	A secondary battery and electrical equipment (一種二次電池及用電設備)	Sunwoda Mobility Energy	Invention	PRC

APPENDIX IV STATUTORY AND GENERAL INFORMATION

No.	Patent	Patent Owner	Patent category	Place of Registration
40.	Secondary batteries and electrical equipment (二次電池及用電設備)	Sunwoda Mobility Energy	Invention	PRC
41.	Secondary batteries and electrical devices (二次電池及用電裝置)	Sunwoda Mobility Energy	Invention	PRC
42.	A positive electrode active material and lithium-ion battery (一種正極活性材料及鋰離子電池)	Sunwoda Mobility Energy	Invention	PRC
43.	A battery pack and electrical equipment (一種電池包及用電設備)	Sunwoda Mobility Energy	Invention	PRC
44.	A secondary battery and electrical device (一種二次電池及用電裝置)	Sunwoda Mobility Energy	Invention	PRC
45.	Batteries and battery packs (電池及電池包)	Sunwoda Mobility Energy	Invention	PRC
46.	Battery pack and power device (電池包及用電裝置)	Sunwoda Mobility Energy	Invention	PRC
47.	Single cell and battery pack (單體電池及電池包)	Sunwoda Mobility Energy	Invention	PRC
48.	Single battery, battery pack and electrical equipment (單體電池、電池包及用電設備)	Sunwoda Mobility Energy	Invention	PRC
49.	Battery pack and power device (電池包及用電裝置)	Sunwoda Mobility Energy	Invention	PRC
50.	A battery pack and electric vehicle (一種電池包及電動車)	Sunwoda Mobility Energy	Invention	PRC
51.	Secondary batteries and electrical devices (二次電池及用電裝置)	Sunwoda Mobility Energy	Invention	PRC
52.	Secondary batteries and electrical devices (二次電池及用電裝置)	Sunwoda Mobility Energy	Invention	PRC
53.	A secondary battery and electric equipment (一種二次電池和用電設備)	Sunwoda Mobility Energy	Invention	PRC
54.	Secondary batteries and electrical devices (二次電池及用電裝置)	Sunwoda Mobility Energy	Invention	PRC

APPENDIX IV STATUTORY AND GENERAL INFORMATION

No.	Patent	Patent Owner	Patent category	Place of Registration
55.	Single battery, battery pack and electrical device (單體電池、電池包及用電裝置)	Sunwoda Mobility Energy	Invention	PRC
56.	Secondary battery, battery pack and electrical device (二次電池、電池包及用電裝置)	Sunwoda Mobility Energy	Invention	PRC
57.	A battery pack and electrical device (一種電池包及用電裝置)	Sunwoda Mobility Energy	Invention	PRC
58.	Secondary batteries, battery pack and electric equipment (二次電池、電池包及用電設備)	Sunwoda Mobility Energy	Invention	PRC
59.	A battery pack (一種電池包)	Sunwoda Mobility Energy	Invention	PRC
60.	A battery pack and electric equipment (電池包及用電設備)	Sunwoda Mobility Energy	Invention	PRC
61.	A battery pack and electric equipment (電池包及用電設備)	Sunwoda Mobility Energy	Invention	PRC

Copyrights

As of the Latest Practicable Date, our Group owned the following copyrights which we consider to be material to our business:

No.	Name	Registered owner	Place of Registration
1..	SUNWODA Vela300-800W off-grid inverter control software (SUNWODA Vela300-800W離網逆變器控制軟件)	Our Company	PRC
2..	SUNWODA Sunrise1-3K home energy storage power supply real-time control software (SUNWODA Sunrise1-3K家用儲能電源實時控制軟件)	Our Company	PRC
3..	SUNWODA large energy storage system system controller real-time control software (SUNWODA大型儲能系統系統控制器實時控制軟件)	Our Company	PRC
4..	SUNWODA BTM1000V100A module control software (SUNWODA BTM1000V100A模塊控制軟件)	Our Company	PRC

APPENDIX IV STATUTORY AND GENERAL INFORMATION

No.	Name	Registered owner	Place of Registration
5..	SUNWODA BTS750 battery test system central control unit control software (SUNWODA BTS750 電池測試系統中央控制單元控制軟件)	Our Company	PRC
6..	SUNWODA EFM50KW1000V module control software (SUNWODA EFM50KW1000V模塊控制軟件)	Our Company	PRC
7..	Sunwoda ATS EV battery automatic testing system (Sunwoda ATS動力電池自動測試系統)	Our Company	PRC
8..	SUNWODA 5KW household energy storage inverter control software (SUNWODA 5KW戶用儲能逆變器控制軟件)	Our Company	PRC
9..	SUNWODA EMS scheduling strategy software (SUNWODA EMS調度策略軟件)	Our Company	PRC
10..	SUNWODA 5KW household energy storage system management unit control software (SUNWODA 5KW戶用儲能系統管理單元控制軟件)	Our Company	PRC
11..	SUNWODA smart vacuum cleaner BMS software (SUNWODA智能吸塵器BMS軟件)	Our Company	PRC
12..	Sunwoda ATS9010 electric vehicle automatic test system (Sunwoda ATS9010電動汽車自動測試系統)	Our Company	PRC
13..	SUNWODA photovoltaic charger maximum power tracking algorithm software (SUNWODA光伏充電器最大功率跟蹤算法軟件)	Our Company	PRC
14..	Blue collar recruitment application system (藍領招聘應用系統)	Our Company	PRC
15..	Blue collar recruitment management system (藍領招聘管理系統)	Our Company	PRC
16..	Comprehensive business management platform (綜合業務管理平台)	Our Company	PRC
17..	Laboratory information management system (實驗室信息管理系統)	Our Company	PRC
18..	Sunwoda intelligent safety fire protection integrated system (欣旺達智能安全消防一體化系統)	Our Company	PRC

APPENDIX IV STATUTORY AND GENERAL INFORMATION

No.	Name	Registered owner	Place of Registration
19..	Xinxiang academy application management system (欣享學堂應用管理系統)	Our Company	PRC
20..	Sunwoda enterprise asset management system (欣旺達企業資產管理系統)	Our Company	PRC
21..	CRM-sales team and process management system (CRM-銷售團隊與過程管理系統)	Our Company	PRC
22..	CRM-customer marketing mobile office mini program (CRM-客戶營銷移動辦公小程序)	Our Company	PRC
23..	ToB CRM-customer file and credit management system (ToB CRM-客戶檔案與資信管理系統)	Our Company	PRC
24..	CRM-sales contract management system (CRM-銷售合同管理系統)	Our Company	PRC
25..	CRM-marketing management system (CRM-市場營銷管理系統)	Our Company	PRC
26..	A BMS automatic addressing method software of SUNWODA (SUNWODA一種BMS自動編址方法軟件)	Sunwoda Mobility Energy	PRC
27..	SUNWODA 5V battery test system host computer control software (SUNWODA 5V電芯測試系統中位機控制軟件)	Sunwoda Mobility Energy	PRC
28..	SUNWODA BMS low power consumption processing strategy software (SUNWODA BMS低功耗處理策略軟件)	Sunwoda Mobility Energy	PRC
29..	SUNWODA SCADA-Server collection software (SUNWODA SCADA-Server採集軟件)	Sunwoda Mobility Energy	PRC
30..	SUNWODA Android-SCADA-APP monitoring center system (SUNWODA Android-SCADA-APP監控中心系統)	Sunwoda Mobility Energy	PRC
31..	SUNWODA WEB-SCADA monitoring system (SUNWODA WEB-SCADA監控系統)	Sunwoda Mobility Energy	PRC

APPENDIX IV STATUTORY AND GENERAL INFORMATION

No.	Name	Registered owner	Place of Registration
32..	Sunwoda+BMS relay diagnosis + relay diagnosis software (Sunwoda+BMS繼電器診斷+繼電器診斷軟件)	Sunwoda Mobility Energy	PRC
33..	Sunwoda AI middle platform (欣旺達AI中台)	Sunwoda Mobility Energy	PRC
34..	Sunwoda Mobility Energy SRM system (欣旺達動力科技SRM系統)	Sunwoda Mobility Energy	PRC
35..	Sunwoda full quality management system (欣旺達全質量管理系統)	Sunwoda Mobility Energy	PRC
36..	Sunwoda SPC industrial quality control system (欣旺達SPC工業質量控制系統)	Sunwoda Mobility Energy	PRC
37..	Sunwoda AI middle platform (欣旺達AI中台)	Sunwoda Mobility Energy	PRC
38..	Sunwoda Mobility Energy SRM system (欣旺達動力科技SRM系統)	Sunwoda Mobility Energy	PRC
39..	Sunwoda power R&D collaborative platform (欣旺達動力研發協同平台)	Sunwoda Mobility Energy	PRC
40..	Sunwoda full quality management system (欣旺達全質量管理系統)	Sunwoda Mobility Energy	PRC
41..	MP enterprise WeChat integration platform (MP企業微信集成平台)	Sunwoda Mobility Energy	PRC
42..	Enterprise asset management system (企業資產管理系統)	Sunwoda Mobility Energy	PRC
43..	SunwodaCAN communication protocol stack interface layer CANIF software (SunwodaCAN通信協議棧接口層CANIF軟件)	Sunwoda Mobility Energy	PRC
44..	Sunwoda SPC industrial quality control system (欣旺達SPC工業質量控制系統)	Sunwoda Mobility Energy	PRC
45..	Sunwoda ESCL electronic steering column lock software (欣旺達ESCL電子轉向柱鎖軟件)	Sunwoda Mobility Energy	PRC
46..	Sunwoda + BMS BootLoader secure refresh design software (Sunwoda + BMS BootLoader的安全刷新設計軟件)	Sunwoda Mobility Energy	PRC
47..	Sunwoda+BMS protocol configuration tool + software (Sunwoda+BMS協議配置工具+軟件)	Sunwoda Mobility Energy	PRC

APPENDIX IV STATUTORY AND GENERAL INFORMATION

No.	Name	Registered owner	Place of Registration
48..	Sunwoda Autosar CAN network management automation test software based on CANoe (Sunwoda基於CANoe的Autosar CAN網絡管理自動化測試軟件)	Sunwoda Mobility Energy	PRC
49..	Sunwoda RKE remote door lock receiving software (Sunwoda RKE 遠程遙控門鎖接收軟件)	Sunwoda Mobility Energy	PRC
50..	Sunwoda multi-way switch detection interface MC33CD1020 software (Sunwoda多路開關檢測接口 MC33CD1020軟件)	Sunwoda Mobility Energy	PRC
51..	Sunwoda+boot loader automated test software (Sunwoda+boot loader 自動化測試軟件)	Sunwoda Mobility Energy	PRC
52..	Sunwoda MHEV 48V BMS software (欣旺達MHEV 48V BMS軟件)	Sunwoda Mobility Energy	PRC
53..	Laboratory management system (實驗室管理系統)	Sunwoda Mobility Energy	PRC
54..	R&D laboratory information management system (研發實驗室信息管理系統)	Sunwoda Mobility Energy	PRC
55..	Sunwoda lithium battery manufacturing twin platform (欣旺達鋰電製造孿生平台)	Sunwoda Mobility Energy	PRC
56..	Sunwoda electric vehicle CAN transmission protocol (CANTP) software (欣旺達電動汽車CAN傳輸協議(CANTP)軟件)	Sunwoda Mobility Energy	PRC
57..	Sunwoda electric vehicle universal measurement and calibration protocol (XCP) software (欣旺達電動汽車通用測量標定協議(XCP)軟件)	Sunwoda Mobility Energy	PRC
58..	Sunwoda+Matlab automatically processing motorola format dbc file to generate COM signal interface c code software (Sunwoda+Matlab自動處理motorola格式dbc文件生成COM信號接口c代碼軟件)	Sunwoda Mobility Energy	PRC

APPENDIX IV STATUTORY AND GENERAL INFORMATION

No.	Name	Registered owner	Place of Registration
59..	Sunwoda+Matlab reading CAN communication protocol Excel file to generate COM signal interface c code software (Sunwoda+Matlab讀取CAN通信協議Excel文件生成COM信號接口c代碼軟件)	Sunwoda Mobility Energy	PRC
60..	Sunwoda electric vehicle CAN protocol stack communication service module (COM) software (欣旺達電動汽車CAN協議棧通信服務模塊(COM)軟件)	Sunwoda Mobility Energy	PRC
61..	Sunwoda electric vehicle ADBMS6815 battery voltage and temperature collection software (欣旺達電動汽車ADBMS6815電池電壓溫度採集軟件)	Sunwoda Mobility Energy	PRC
62..	Sunwoda electric vehicle ISL78714 battery voltage and temperature collection software (欣旺達電動汽車ISL78714電池電壓溫度採集軟件)	Sunwoda Mobility Energy	PRC
63..	Sunwoda electric vehicle simulation hall current collection software (欣旺達電動汽車模擬霍爾電流採集軟件)	Sunwoda Mobility Energy	PRC
64..	Winone academy system (盈旺學堂系統)	Huizhou Winone Precision Technology Co., Ltd. (惠州市盈旺精密技術股份有限公司)	PRC
65..	Winone portal system (盈旺門戶系統)	Huizhou Winone Precision Technology Co., Ltd. (惠州市盈旺精密技術股份有限公司)	PRC
66..	Winding data batch analysis system (捲繞數據批量分析系統)	Nanchang Sunwoda New Energy Co., Ltd. (南昌欣旺達新能源有限公司)	PRC
67..	Winding angle retest software (捲繞折角複測軟件)	Nanchang Sunwoda New Energy Co., Ltd. (南昌欣旺達新能源有限公司)	PRC
68..	Coating CCD misalignment correction system (塗布CCD錯位糾偏系統)	Nanchang Sunwoda New Energy Co., Ltd. (南昌欣旺達新能源有限公司)	PRC

APPENDIX IV STATUTORY AND GENERAL INFORMATION

Domain Names

As of the Latest Practicable Date, our Group had registered the following domain names which we consider to be or may be material to our business:

No.	Domain name	Registered Owner	Expiry Date
1	sunwoda.com	Our Company	January 14, 2029

FURTHER INFORMATION ABOUT OUR DIRECTORS, CHIEF EXECUTIVE AND SUBSTANTIAL SHAREHOLDERS

Interests of our Directors and chief executive in the Company and our associated corporations

Save as disclosed in the section headed “Substantial Shareholders” and below, immediately following the completion of the [REDACTED] (assuming that the [REDACTED] is not exercised), so far as our Directors are aware, none of our Directors and chief executive has any interests and short positions in our Shares, underlying Shares or debentures of our Company or any of our associated corporations (within the meaning of Part XV of the SFO) (i) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO), or (ii) which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (iii) which will be required to be notified to us and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules:

Name	Position	Nature of Interest	Description of Shares	Number of Shares held as of the Latest Practicable Date	Approximate Percentage of Shareholding in the A Shares Immediately after Completion of the [REDACTED] (assuming the [REDACTED] is not exercised)	Approximate Percentage of Shareholding in the Total Share Capital Immediately after Completion of the [REDACTED] (assuming the [REDACTED] is not exercised)
Dr. Xiao Guangyu	Executive Director and chief digital officer	Beneficial interests	A Shares	1,905,329	0.10%	[REDACTED]%
Mr. Zeng Di . . .	Executive Director, deputy general manager and Board secretary	Beneficial interests	A Shares	872,000	0.05%	[REDACTED]%

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

Interests of the substantial shareholders in the Shares

Save as disclosed in “Substantial Shareholder”, immediately following the completion of the [REDACTED] and without taking into account any Shares which may be issued pursuant to the exercise of the [REDACTED], our Directors are not aware of any other person (not being a Director 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.

Interests of the substantial shareholders in other members of our Group

So far as the Directors are aware, the following persons (other than our Company, and any subsidiaries of our Group) are entitled to exercise, or control the exercise of, 10% or more of voting power at the general meetings of other members of our Group:

Name of the Subsidiary	Name of Shareholder	Percentage of Interest in the Subsidiary as of the Latest Practicable Date
Zhejiang Sunwoda EV Battery Co., Ltd. (浙江欣旺達動力電池有限公司)	Zhejiang Yixin EV Battery Co., Ltd. (浙江義欣動力電池有限公司) ⁽¹⁾	20.0%
Hubei Dongyu Xinsheng New Energy Co., Ltd. (湖北東昱欣晟新能源有限公司)	Dongfeng Automobile Group Co., Ltd. (東風汽車集團股份有限公司) ⁽¹⁾	35.0%
	Dongfeng Hongtai Holding Group Co., Ltd. (東風鴻泰控股集團有限公司) ⁽¹⁾	14.0%
Shenzhen Gerui Anneng Technology Co., Ltd. (深圳格瑞安能科技有限公司).	Ye Zhilin (葉智林) ⁽²⁾	49.0%
Huizhou Winone Precision Technology Co., Ltd. (惠州市盈旺精密技術股份有限公司) . . .	Ningbo Meishan Bonded Port Area Wanghe Daying Enterprise Management Partnership (Limited Partnership) (寧波梅山保稅港區旺合大贏企業管理合夥企業(有限合夥)) ⁽³⁾	26.20%
Haixi Yueshan Da Membrane Separation Technology Co., Ltd. (海西粵陝達膜分離技術有限公司)	Chen Min (陳敏) ⁽¹⁾	22.7%
	Shaanxi Membrane Separation Technology Research Institute Co., Ltd. (陝西省膜分離技術研究院有限公司) ⁽¹⁾	10.0%
Shenzhen Puruisaisi Detection Technology Co., Ltd. (深圳普瑞賽思檢測科技股份有限公司) .	Shenzhen Zhichen Technology Partnership (Limited Partnership) (深圳市至晨科技合夥企業(有限合夥)) ⁽³⁾	30.3%
Shenzhen Xinwei Intelligent Technology Co., Ltd. (深圳市欣威智能有限公司)	Shenzhen Junrong Technology Partnership (Limited Partnership) (深圳市君融技術合夥企業(有限合夥)) ⁽³⁾	10.8%
Yuzhou Yuke Photovoltaic Power Co., Ltd. (禹州市禹科光伏電力有限公司)	Jiangsu Xuyuan Technology Co., Ltd. (江蘇旭源科技有限公司) ⁽¹⁾	10.0%

APPENDIX IV STATUTORY AND GENERAL INFORMATION

Name of the Subsidiary	Name of Shareholder	Percentage of Interest in the Subsidiary as of the Latest Practicable Date
De.power Technology Limited. (浙江欣動能源科技有限公司)	Jinhua Wangze Chuangxiang Information Technology Partnership (Limited Partnership) (金華旺澤創享信息技術合夥企業(有限合夥)) ⁽³⁾	30.0%
	Jinhua Daoze Win Information Technology Partnership (Limited Partnership) (金華道澤共贏信息技術合夥企業(有限合夥)) ⁽³⁾	10.0%
Superstar Shenzhen Automation Co., Ltd. (速博達(深圳)自動化有限公司)	Shenzhen Qianhai Haotian Investment Management Partnership (Limited Partnership) (深圳市前海滙天投資管理合夥企業(有限合夥)) ⁽⁴⁾	17.3%
	Shenzhen Xintou Zhongxiang Electronic Machinery Partnership (Limited Partnership) (深圳市新投眾享電子機械合夥企業(有限合夥)) ⁽³⁾	11.1%
Guangdong Huaxin Materials Technology Co., Ltd. (廣東華欣材創科技有限公司)	Zhu Min (朱敏) ⁽¹⁾	32.0%
Zhejiang Puxin Anfeng New Energy Co., Ltd. (浙江浦欣安豐新能源有限公司)	Pujiang Communications Investment Comprehensive Energy Co., Ltd. (浦江交投綜合能源有限公司) ⁽¹⁾	45.0%
Zhejiang Wuxin New Energy Co., Ltd. (浙江武欣新能源有限公司)	Wuyi Beiling New Energy Co., Ltd. (武義北嶺新能源有限公司) ⁽¹⁾	35.0%
Yueyang Sunwoda New Energy Co., Ltd. (岳陽市欣旺達新能源有限公司)	Hunan Jingtai New Energy Development Co., Ltd. (湖南璟泰新能源發展有限公司) ⁽¹⁾	30.0%
Chongqing Puluofei Technology Co., Ltd. (重慶普羅菲科技有限公司)	Yin Jianxin (殷建新) ⁽²⁾	20.0%
Shifang Xinyaoyue Energy Technology Co., Ltd. (什邡市欣耀越能源科技有限公司)	Shifang Hengyuan Zhichuang Commercial Operation Management Co., Ltd. (什邡市恆源智創商業運營管理有限公司) ⁽¹⁾	30.0%
Hubei Xintou Energy Development Co., Ltd. (湖北欣投能源發展有限責任公司)	Shenzhen Xintou Zhonghe Investment Partnership (Limited Partnership) (深圳市欣投眾合投資合夥企業(有限合夥)) ⁽³⁾	15.0%
Shenzhen Xinxing New Energy Co., Ltd. (深圳欣行新能源有限公司)	Shenzhen Juxiangxin Investment Partnership (Limited Partnership) (深圳聚祥鑫投資合夥企業(有限合夥)) ⁽³⁾	20.0%
Yucheng Sunwoda Energy Development Co., Ltd. (禹城欣旺達能源發展有限公司)	Shenzhen Xinyu Zhonghe Investment Partnership (Limited Partnership) (深圳欣禹眾合投資合夥企業(有限合夥)) ⁽³⁾	15.0%
Binchuan County Sunwoda New Energy Co., Ltd. (賓川縣欣旺達新能源有限公司)	Binchuan Chuanze Smart Parking Services Co., Ltd. (賓川川澤智慧停車場服務有限公司) ⁽¹⁾	49.0%
Guilin Sunwoda Smart Energy Co., Ltd. (桂林市欣旺達智慧能源有限公司)	Shenzhen Taiyi New Energy Technology Co., Ltd. (深圳市太一新能源科技有限公司) ⁽¹⁾	39.0%

APPENDIX IV STATUTORY AND GENERAL INFORMATION

Name of the Subsidiary	Name of Shareholder	Percentage of Interest in the Subsidiary as of the Latest Practicable Date
	Shenzhen Xinyu Zhonghe Investment Partnership (Limited Partnership) (深圳欣宇眾合投資合夥企業(有限合夥)) ⁽³⁾	15.0%
Xinchuan Energy and Carbon (Sichuan) Technology Co., Ltd. (欣川能碳(四川)科技有限責任公司)	Chengdu Xinlong Enterprise Management Partnership (Limited Partnership) (成都欣龍企業管理合夥企業(有限合夥)) ⁽³⁾	25.0%
Shenzhen Xinxue Education Technology Co., Ltd. (深圳市欣學教育科技有限公司)	Shenzhen Lexiang Zhihui Service Partnership (Limited Partnership) (深圳樂享智匯服務合夥企業(有限合夥)) ⁽³⁾	40.0%
Zhejiang Winone New Material Technology Co., Ltd. (浙江盈旺新材料技術有限公司). . .	Zhang Xiaohe (張小合) ⁽²⁾	25.2%
	Xiang Haibiao (項海標) ⁽²⁾	10.0%
Jiangxi Xinqi Recycling Technology Co., Ltd. (江西欣奇循環科技有限公司).	Jiangxi Miracle Golden Tiger Cobalt Co., Ltd. (江西天奇金泰閣鈷業有限公司) ⁽¹⁾	45.0%
Tengzhou Sunwoda Renewable Resources Co., Ltd. (滕州欣旺達再生資源有限公司)	Shandong Xinhua Private Capital Management Co., Ltd. (山東信華民間資本管理有限公司) ⁽¹⁾	17.9%
	Tengzhou Sunwoda Green Resources Venture Investment Fund Partnership (Limited Partnership) (滕州欣旺達綠色資源創業投資基金合夥企業(有限合夥)) ⁽¹⁾	10.6%
Sunwoda Engineering Technology Services (Sichuan) Co., Ltd. (欣旺達工程技術服務(四川)有限公司)	Ningbo Yonglu Self-owned Funds Investment Partnership (Limited Partnership) (寧波永祿自有資金投資合夥企業(有限合夥)) ⁽¹⁾	20.0%
Shenzhen Xintie Jiaoneng Technology Co., Ltd. (深圳市欣鐵交能科技有限公司)	Shenzhen Xintie New Energy Partnership (Limited Partnership) (深圳市欣鐵新能源合夥企業(有限合夥)) ⁽¹⁾	49.0%
Shandong Lixiang Automobile Battery Co., Ltd. (山東理想汽車電池有限公司).	Beijing Lixiang Automobile Co., Ltd. (北京理想汽車有限公司) ⁽¹⁾	50.0%
Quanzhou Xinhai Resource Recycling Co., Ltd. (泉州市欣海資源循環有限公司)	Quanzhou Bozhong Resource Recycling Co., Ltd. (泉州伯仲資源循環利用有限公司) ⁽¹⁾	10.0%
	Quanzhou United Resource Recycling Co., Ltd. (泉州聯營資源循環利用有限公司) ⁽¹⁾	30.0%
Huaxin Caichuang (Suzhou) Technology Co., Ltd. (華欣材創(蘇州)科技有限公司)	Xieshunhe (Foshan) Technology Partnership (Limited Partnership) (總順合(佛山)科技合夥企業(有限合夥)) ⁽³⁾	18.0%
	Lu Zhongchen (魯忠臣) ⁽¹⁾	12.5%

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

Notes:

- (1) Independent Third Parties of the Company.
- (2) Employees of our Group other than Directors, senior management or other connected persons.
- (3) Our employee shareholding platforms.
- (4) Shareholding platform of Mr. Wang Mingwang and Mr. Wang Wei.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

Particulars of Directors’ Service Contracts

Each of the Directors [has] entered into a service contract or a letter of appointment with our Company.

Save as disclosed above, we have not entered into, and do not propose to enter into any service contracts with any of our Directors in their respective capacities as Directors (excluding agreements expiring or determinable by any member of our Group within one year without payment of compensation other than statutory compensation).

Remuneration of Directors

Save as disclosed in “Directors and Senior Management” and Note 9 to the Accountants’ Report set out in Appendix I to this Document for the three financial years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, none of our Directors received other remunerations or benefits in kind from us.

Disclaimers

- (a) save as disclosed in the section headed “Substantial Shareholders” and this section, none of our Directors or our chief executive has any interest or short position in our Shares, underlying Shares or debentures of our Company or any of our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV 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 to be notified to us and the Stock Exchange pursuant to Model Code for Securities Transactions by Directors of Listed Issuers once the H Shares are [REDACTED] on the Stock Exchange;
- (b) save as disclosed in the section headed “Substantial Shareholders”, none of our Directors is aware of any person (not being a Director or chief executive of our Company) who will, immediately following the completion of the [REDACTED] (without taking into account any H Shares which may be allotted and issued pursuant to the exercise of the [REDACTED]), have an interest or short position in our Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO or who is interested, directly or indirectly, in 10% or more of the issued voting shares of any member of our Group;
- (c) none of our Directors 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 for each year/period during the Track Record Period; and

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

- (d) none of our Directors is materially interested in any contract or arrangement subsisting at the date of this Document which is significant in relation to the business of our Group taken as a whole. None of our Directors or any of the parties listed in “Qualifications of Experts” of 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.

SHARE INCENTIVE PLANS

2022 Share Incentive Plan

The Company approved and adopted the 2022 Share Incentive Plan on February 11, 2022. The terms of 2022 Share Incentive Plan do not involve any grant of options or share awards by our Company after the [REDACTED] and are therefore not subject to the provisions of Chapter 17 of the Listing Rules.

The following is a summary of the principal terms of the 2022 Share Incentive Plan.

(a) Purpose

The purpose of the 2022 Share Incentive Plan is to further refine the corporate governance structure of the Company, establish and optimize the Company’s long-term incentive and restraint mechanism, attract and motivate acquired high-end talent, special talent, and outstanding talent who, in the opinion of the Board, shall be incentivized, fully mobilize the enthusiasm and creativity of the core team of the Company, effectively enhance team cohesion and core corporate competitiveness, and effectively integrate the Company’s interests, Shareholders’ interests and interests of the core team members so that the parties will make joint efforts for the Company’s long-term development and ensure the realization of the Company’s development strategy and operation objectives.

(b) Type of Awards

The share incentives are granted in two forms: (i) restricted stocks, and (ii) stock options.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

(c) Scope of Participants

The participants shall include certain Directors, senior management of the Company, middle management and core technical (business) personnel whom the Board of the Company considers necessary to be incentivized (including those of the holding subsidiaries). The aforesaid participants shall not be independent Directors and Shareholders who individually or collectively hold more than 5% of the Company’s shares or the de facto controller of the Company, or their respective spouses, parents or children.

(d) Administration

The 2022 Share Incentive Plan is subject to the approval of the Shareholders’ meeting, administration of the Board.

(e) Source of Shares

The source of the underlying Shares of the 2022 Share Incentive Plan shall be A Shares issued by the Company.

(f) Maximum Number of Shares

The total number of Shares to be granted under the 2022 Share Incentive Plan shall not exceed 25,780,000 A Shares.

(g) Term

The validity period shall not exceed 48 months, and shall commence from the date of the first grant of share options or the date of the first grant of restricted shares and end on the date when all share options granted to the participants are exercised or cancelled and the restricted shares are fully vested or cancelled or lapsed.

(h) Conditions to the grant of restricted Shares

The restricted Shares under the Restricted Share Incentive Schemes will only be granted to selected participants when the following conditions are fulfilled:

(i) With respect to our Company, none of the following circumstances having occurred:

- (1) An audit report with an adverse opinion or a disclaimer of opinion has been issued by the reporting accountant with respect to our Company’s accountant’s report for the most recent fiscal year;*

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

- (2) An audit report with an adverse opinion or a disclaimer of opinion has been issued by the reporting accountant with respect to the internal control report contained in accountant’s report for the most recent fiscal year;
 - (3) The Company has not distributed dividends in accordance with the laws and regulations, the Articles of Association or the public commitment within the last 36 months after its [REDACTED];
 - (4) Applicable laws and regulations prohibit the implementation of any share incentive scheme; or
 - (5) Any other circumstances determined by the CSRC.
- (ii) With respect to a grantee, none of the following circumstances having occurred:
 - (1) The grantee has been regarded as an inappropriate person by the relevant stock exchange within the last 12 months;
 - (2) The grantee has been regarded as an inappropriate person by the CSRC or its local office within the last 12 months;
 - (3) The grantee has been punished or prohibited from entering into the securities market by the CSRC or its local office within the last 12 months;
 - (4) The grantee is not qualified to serve as a director or senior management according to the PRC Company Law;
 - (5) The grantee is prohibited from participating in any incentive plan of listed companies according to applicable laws and regulations; or
 - (6) Any other circumstances determined by the CSRC.
- (i) *Options*
 - (i) Date of Grant

The date on which the options are granted shall be the date of grant agreement entered into between our Group and the eligible employees.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

(ii) Vesting Period and Exercise Period

The vest period and exercise period for all the options is three years from the grant date and a period from the ending of the vesting period to 48 months after the grant date, respectively.

(iii) Exercise Price

The initial exercise price of the options granted under the 2022 Share Incentive Plan is RMB39.19 per A Share. The purchase price will be adjusted upon the occurrence of certain events, including among others, increase in the share capital by way of capitalization of capital reserves, issue of bonus shares, subdivision of shares, issue of new shares or payment of dividends.

(j) *Restricted shares*

(i) Date of Grant

The date on which the restricted shares are granted shall be the date of grant agreement entered into between our Group and the eligible employees.

(ii) Vesting Period

The vesting schedule of the restricted shares granted are vested in tranches of 30%, 30% and 40% of the total awards for each of the three years ended from the grant date.

(iii) Purchase Price

The initial purchase price of the restricted shares granted under the 2022 Share Incentive Plan is RMB19.60 per A Share. The purchase price will be adjusted upon the occurrence of certain events, including among others, increase in the share capital by way of capitalization of capital reserves, issue of bonus shares, subdivision of shares, issue of new shares or payment of dividends.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

Dilution Effect and Impact on Earnings per Share

Assuming the full exercise of all outstanding options granted under the 2022 Share Incentive Plan, the issued and outstanding shareholding of the Shareholders immediately following completion of the [REDACTED] will be diluted by approximately [REDACTED]%. The dilution effect on our earnings per Share would be approximately [REDACTED]%.

Outstanding Options

As of the Latest Practicable Date, there are no outstanding share awards granted under the 2022 Share Incentive Plan and the total outstanding options represent 4,742,800 A Shares granted to 688 grantees, representing approximately [REDACTED]% of the issued share capital of the Company immediately after completion of the [REDACTED] (assuming the [REDACTED] is not exercised). Among the outstanding options, one Directors (Mr. Zeng Di, being all our connected persons involved at Company level), one member of our senior management (Mr. Liu Jie), 20 Other Connected Persons and 666 Other Grantees were granted options for 32,000 A Shares, 24,000 A Shares, 501,200 A Shares and 4,185,600 A Shares, respectively. These options were granted on February 11, 2022 and December 2, 2022 with an exercise price of RMB39.19, which was adjusted to RMB38.77 subsequently. The vest period and exercise period for all the options is three years from the grant date and a period from the ending of the vesting period to 48 months after the grant date, respectively.

We set forth below the details of the outstanding options granted pursuant to the 2022 Share Incentive Plan:

Name of Grantee	Address	Position	Dates of Grant	Number of A Shares under Options Granted	Exercise Price per Option	Approximate Percentage in the Issued Share Capital Immediately after the [REDACTED] (assuming the [REDACTED] is not exercised)
Directors						
Mr. Zeng Di	Room 1610, Building D	Executive	February 11,	32,000	RMB38.77	[REDACTED]%
	Phase 2 Zhongtai	Director,	2022 and			
	Yannan Mingting	deputy general	December 2,			
	Yannan Road	manager and	2022			
	Huaqiangbei Street	Board secretary				
	Futian District					
	Shenzhen, Guangdong					
	PRC					

APPENDIX IV STATUTORY AND GENERAL INFORMATION

Name of Grantee	Address	Position	Dates of Grant	Number of A Shares under Options Granted	Exercise Price per Option	Approximate Percentage in the Issued Share Capital Immediately after the [REDACTED] (assuming the [REDACTED] is not exercised)
Members of the senior management other than our Directors						
Mr. Liu Jie	Room 2201, Building 4 No. 2 Longqiang Road Shiyao Street Bao'an District Shenzhen, Guangdong PRC	Chief financial officer and deputy general manager	February 11, 2022	24,000	RMB38.77	[REDACTED]%
Other Connected Persons						
20 other connected persons at subsidiary level .	-	-	February 11, 2022 and December 2, 2022	501,200	RMB38.77	[REDACTED]%
Other Grantees						
666 other grantees (all being our employees)	-	-	February 11, 2022	4,185,600	RMB38.77	[REDACTED]%

2024 Share Incentive Plan

The Company approved and adopted the 2024 Share Incentive Plan on May 21, 2024. The 2024 Share Incentive Plan is not subject to Chapter 17 of the Listing Rules as the source of the underlying A Shares of the 2024 Share Incentive Plan shall be A Shares of the Company repurchased from the secondary market.

The following is a summary of the principal terms of the 2024 Share Incentive Plan.

(a) Purpose

The purpose of the plan is to further establish and improve the long-term incentive mechanism of the Company, attract and retain outstanding talents, fully mobilize the enthusiasm of core team members of the Company, effectively integrate the Shareholders' interests, the Company's interests and the core team members' personal interests, so that the parties will make joint efforts for the Company's long-term development.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

(b) Type of Awards

The share incentives are granted in the form of restricted stocks.

(c) Scope of Participants

The participants shall include Directors, senior management of the Company and core technical (business) personnel, excluding independent Directors and Shareholders who individually or collectively hold more than 5% of the Company’s shares or the de facto controller of the Company, or their respective spouses, parents or children.

(d) Administration

The 2024 Share Incentive Plan is subject to the approval of the Shareholders’ meeting, administration of the Board.

(e) Source of Shares

The source of the underlying Shares of the 2024 Share Incentive Plan shall be A Shares of the Company repurchased from the secondary market.

(f) Number of Shares

The number of A Shares under the 2024 Share Incentive Plan shall be 14,601,258 Shares, accounting for approximately 0.78% of the total share capital of the Company on the date of publication of the plan.

(g) Term

The validity period of the incentive plan shall not exceed 36 months, and shall commence from the date of grant of the restricted shares, and end on the date when the restricted shares granted to the participants are fully vested, cancelled or lapsed.

(h) Vesting Period

The vesting of each tranche of restricted shares is subject to the fulfilment of the corresponding vesting conditions. The granted restricted shares shall be vested in 2 tranches after 12 months from the date of grant, with the proportion of each tranche being 50% and 50%, respectively.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

(i) Purchase Price

The initial purchase price of the share awards granted under the 2024 Share Incentive Plan is RMB6.90 per A Share. The purchase price will be adjusted upon the occurrence of certain events, including among others, increase in the share capital by way of capitalization of capital reserves, issue of bonus shares, subdivision of shares, issue of new shares or payment of dividends.

(j) Conditions to the grant of restricted Shares

For details, see “— 2022 Share Incentive Plan — Conditions to the grant of restricted Shares” in this section.

Dilution Effect and Impact on Earnings per Share

As of the date of this Document, all shares underlying under the 2024 Share Incentive Plan are repurchased from the secondary market. Accordingly, there will not be any dilution effect on the shareholdings of our Shareholders nor any impact on the earnings per share arising from the full vesting or exercise of the outstanding options and share awards after [REDACTED].

Outstanding Share Awards

As of the Latest Practicable Date, the total outstanding share awards under the 2024 Share Incentive Plan was 7,099,629 A Shares granted to 691 grantees, representing approximately [REDACTED]% of the issued share capital in the Company immediately after completion of the [REDACTED] (assuming the [REDACTED] is not exercised). Among the outstanding share awards, two Directors (Mr. Zeng Di and Dr. Xiao Guangyu, being all our connected persons involved at Company level), two members of our senior management (Mr. Liu Jie and Mr. Liang Rui), 22 Other Connected Persons and 667 Other Grantees were granted share awards for 100,000 A Shares, 95,000 A Shares, 733,500 A Shares and 6,171,129 A Shares, respectively. These share awards were granted on June 17, 2024, with a purchase price of RMB6.90, which was adjusted to RMB6.63 subsequently. These share awards were granted with nominal consideration, the vesting periods of which are two years from the grant date.

APPENDIX IV STATUTORY AND GENERAL INFORMATION

We set forth below the details of the outstanding share awards granted pursuant to the 2024 Share Incentive Plan:

Name of Grantee	Address	Position	Dates of Grant	Number of A Shares under share Awards Granted	Purchase price per Share Award	Approximate Percentage in the Issued Share Capital of the Company after the [REDACTED] (assuming the [REDACTED] is not exercised)
Directors						
Dr. Xiao Guangyu .	Room 1801, Tower A, Block 2 Junhui Xintian Huayuan Zhongxin Road Nanshan District Shenzhen, Guangdong PRC	Executive Director and chief digital officer	June 17, 2024	60,000	RMB6.63	[REDACTED]%
Mr. Zeng Di	Room 1610, Building D Phase 2 Zhongtai Yannan Mingting Yannan Road Huaqiangbei Street Futian District Shenzhen, Guangdong PRC	Executive Director, deputy general manager and Board secretary	June 17, 2024	40,000	RMB6.63	[REDACTED]%
Members of the senior management other than our Directors						
Mr. Liu Jie	Room 2201, Building 4 No. 2 Longqiang Road Shiyan Street Bao'an District Shenzhen, Guangdong PRC	Chief financial officer and deputy general manager	June 17, 2024	55,000	RMB6.63	[REDACTED]%
Mr. Liang Rui . . .	Room 7D702, Phase 2 Jiulongtai Guangming District Shenzhen, Guangdong PRC	Chief sustainability officer and deputy general manager	June 17, 2024	40,000	RMB6.63	[REDACTED]%
Other Connected Persons						
22 other connected persons at subsidiary level .	–	–	June 17, 2024	733,500	RMB6.63	[REDACTED]%
Other Grantees						
665 other grantees (all being our employees)	–	–	June 17, 2024	6,171,129	RMB6.63	[REDACTED]%

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

OTHER INFORMATION

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 subsidiaries under the laws of the PRC.

Litigation

As of the Latest Practicable Date, we were not engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to our Directors to be pending or threatened by or against any member of our Group, that would have a material and adverse effect on our Group’s results of operations or financial conditions, taken as a whole.

Preliminary Expenses

As of the Latest Practicable Date, our Company has not incurred any material preliminary expenses.

Promoters

The promoters of the Company are all of the 22 then shareholders of our Company as of October 15, 2008 immediately before our conversion into a joint stock limited liability company. Within the two years immediately preceding the date of this Document, no cash, securities or other benefit has been paid, allotted or given or is proposed to be paid, allotted or given to the promoters in connection with the [REDACTED] and the related transactions described in this Document.

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, including in circumstances where such transactions are effected on the Stock Exchange. The current rate of Hong Kong stamp duty for such sale, purchase and transfer on each of the purchaser and seller is 0.1% of the consideration for or, if higher, the fair value of the H Shares being sold or transferred.

No Material Adverse Change

Our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of the Group since September 30, 2025 (being the date to which the latest consolidated financial statements of our Group were prepared).

APPENDIX IV STATUTORY AND GENERAL INFORMATION

Restriction on Share Repurchases

For details of the restrictions on share repurchases by our Company, please refer to “Appendix III — Summary of Articles of Association” to this Document.

Qualification of Experts

The qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given their opinion and/or advice in this Document are as follows:

Name	Qualification
Goldman Sachs (Asia) L.L.C.	A licenced corporation under the SFO to conduct type 1 (dealing in securities), type 4 (advising on securities), type 5 (advising on futures contracts), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO
CITIC Securities (Hong Kong) Limited . .	A licensed corporation under the SFO to conduct type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO
Sundial Law Firm.	Legal advisor to our Company as to PRC law
Confucius International CPA Limited	Certified Public Accountants under the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong)
	Registered Public Interest Entity Auditor under the Accounting and Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong)
China Insights Industry Consultancy Limited	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.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

Consents of Experts

Each of the experts as referred to “Qualifications of Experts” of this Appendix has given and has not withdrawn their respective written consents to the issue of this Document with the inclusion of their reports and/or letters (as the case may be) and the references to their names included in the form and context in which they are respective included.

Joint Sponsors’ Independence

Each of the Joint Sponsors satisfies the independence criteria applicable to the sponsor set out in Rule 3A.07 of the Listing Rules.

Pursuant to the engagement letter entered into between the Company and the Joint Sponsors, the Joint Sponsors’ fees payable by us to the Joint Sponsors in respect of their services as sponsors in connection with the [REDACTED] on the Stock Exchange is USD600,000 in total.

Binding Effect

This Document shall have the effect, if an [REDACTED] is made in pursuance of it, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

Bilingual Document

The English and Chinese language versions of this Document are being published separately, in reliance upon the exemption provided under 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) within the two years preceding the date of this Document and save as arrangement under the [REDACTED]: (i) we have not issued nor agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash; and (ii) no commissions, discounts, brokerage fee or other special terms have been granted in connection with the issue or sale of any shares of our Company;
- (b) save as disclosed in the section headed “Waivers and Exemptions”, no share or loan capital of our Company is under option or is agreed conditionally or unconditionally to be put under option;

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

- (c) we have not issued nor agreed to issue any founder shares, management shares or deferred shares;
- (d) there are no arrangements under which future dividends are waived or agreed to be waived;
- (e) there are no procedures for the exercise of any right of pre-emption or transferability of subscription rights;
- (f) 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;
- (g) there have been no interruptions in our business which may have or have had a significant effect on our financial position in the last 12 months;
- (h) there are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong from outside Hong Kong;
- (i) save as disclosed in the section headed “History, Development and Corporate Structure”, and save for the H Shares to be issued in connection with the [REDACTED], none of the equity and debt securities of our Company, if any, is [REDACTED] or dealt with in any other stock exchange, nor is any [REDACTED] or permission to deal being or proposed to be sought;
- (j) our Company has no outstanding convertible debt securities or debentures;
- (k) our Company is a joint stock limited company and is subject to the PRC Company Law; and
- (l) our Company has adopted a code of conduct regarding Directors’ 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.

APPENDIX V

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG AND AVAILABLE ON DISPLAY

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to a copy of this Document and delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) a copy of the material contract referred to in “Statutory and General Information — Further Information about our Business — Summary of Material Contract” in Appendix IV to this Document; and
- (b) the written consents referred to in “Statutory and General Information — Other Information — Consents of Experts” in Appendix IV to this Document.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be published on the Hong Kong Stock Exchange’s website at www.hkexnews.hk and the Company’s website at www.sunwoda.com during a period of 14 days from the date of this Document:

- (a) the Articles of Association;
- (b) the Accountants’ Report from Confucius International CPA Limited, the text of which is set out in Appendix I to this Document;
- (c) the audited consolidated financial statements of our Group for the years ended December 31, 2022, 2023 and 2024 and the unaudited condensed consolidated statements for the nine months ended September 30, 2024 and 2025;
- (d) the report from Confucius International CPA Limited on the unaudited [REDACTED] financial information of our Group, the text of which is set out in Appendix II to this Document;
- (e) [REDACTED]
- (f) the material contract referred to in “Appendix IV — Statutory and General Information — Further Information about our Business — Summary of Material Contract”;
- (g) the written consents referred to in “Appendix IV — Statutory and General Information — Other Information — Consents of Experts”;

APPENDIX V

**DOCUMENTS DELIVERED TO THE REGISTRAR OF
COMPANIES IN HONG KONG AND AVAILABLE ON DISPLAY**

- (h) the service contracts and letters of appointment referred to in “Appendix IV — Statutory and General Information — Further Information about our Directors, Chief Executive and Substantial Shareholders — Particulars of Directors’ Service Contracts”;
- (i) the legal opinions issued by Sundial Law Firm, our PRC Legal Advisor, in respect of, among other things, the general corporate matters and property interests of our Group under the PRC law;
- (j) the industry report issued by China Insights Industry Consultancy Limited referred to in “Industry Overview”;
- (k) the PRC Company Law, the PRC Securities Law, the Overseas Listing Trial Measures and the Shenzhen Stock Exchange Listing Rules, together with unofficial English translations thereof; and
- (l) the terms of the Share Incentive Plans.

DOCUMENT AVAILABLE FOR INSPECTION

A copy of a full list of all the Grantees under the Share Incentive Plans will be made available for public inspection at our Company’s Hong Kong legal advisor’s office in Hong Kong at 10/F, The Hong Kong Club Building, 3A Chater Road, Central, Hong Kong, during normal business hours up to and including the date which is 14 days from the date of this Document.