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Application Proof of

Qingtao (Kunshan) Energy Development Group Co., Ltd.
清陶（昆山）能源發展集團股份有限公司

(the "**Company**")

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

WARNING

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Qingtao (Kunshan) Energy Development Group Co., Ltd.

清陶（昆山）能源發展集團股份有限公司

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

[REDACTED]

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

Joint Sponsors, [REDACTED], [REDACTED], [REDACTED] and [REDACTED]

Guotai Junan International **CICC** **CMS International**

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The [REDACTED] is expected to be determined by agreement between the [REDACTED] (for themselves and on behalf of the [REDACTED]) and us on the [REDACTED]. The [REDACTED] is expected to be on or around [REDACTED] (Hong Kong time) and, in any event, not later than 12:00 p.m. 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]. If, for any reason, the [REDACTED] is not agreed by 12:00 p.m. on [REDACTED] (Hong Kong time) between the [REDACTED] (for themselves and on behalf of the [REDACTED]) and us, the [REDACTED] will not proceed and will lapse.

The [REDACTED], on behalf of the [REDACTED], may, where considered appropriate and with the Company's consent, reduce the number of [REDACTED] and/or the indicative [REDACTED] below that which is stated in this Document (which is HK$[REDACTED] to HK$[REDACTED]) at any time on or prior to the morning of the last day for lodging [REDACTED] under the [REDACTED]. In such a case, an announcement will be published on the website of our Company at **https://www.jsqingtao.com/** and on the website of the Hong Kong Stock Exchange at **www.hkexnews.hk** and the [REDACTED] will be canceled and relaunched at the revised number of [REDACTED] and/or the revised [REDACTED] in accordance with the requirements under Rule 11.13 of the Listing Rules (which include the issue of a supplemental 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]. Further details are set forth in the sections headed "Structure and Conditions of the [REDACTED]" and "How to Apply for [REDACTED]" in this Document.

The obligations of the Hong Kong [REDACTED] under the [REDACTED] are subject to termination by the [REDACTED] (on behalf of the [REDACTED]) if certain events occur prior to 8:00 a.m. on the [REDACTED]. Please refer to the section headed "[REDACTED]" 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 transferred within the United States, except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act. The [REDACTED] are being [REDACTED] and sold only outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act.

[REDACTED]

IMPORTANT

[REDACTED]

IMPORTANT

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

EXPECTED TIMETABLE

[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 [REDACTED] or a solicitation of an [REDACTED] to buy any security other than the [REDACTED] [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 sale 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.

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Page

EXPECTED TIMETABLE i

CONTENTS iv

SUMMARY 1

DEFINITIONS 12

GLOSSARY 22

FORWARD-LOOKING STATEMENTS 26

RISK FACTORS 28

WAIVERS AND EXEMPTION 49

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED] 56

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED] 61

CORPORATE INFORMATION 66

INDUSTRY OVERVIEW 68

CONTENTS

REGULATORY OVERVIEW 78

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE 97

BUSINESS 117

DIRECTORS AND SENIOR MANAGEMENT 181

CONNECTED TRANSACTIONS 194

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS 202

SHARE CAPITAL 205

SUBSTANTIAL SHAREHOLDERS 208

FINANCIAL INFORMATION 211

FUTURE PLANS AND USE OF [REDACTED] 240

[REDACTED] 242

STRUCTURE AND CONDITIONS OF THE [REDACTED] 253

HOW TO APPLY FOR [REDACTED] 261

APPENDIX I — ACCOUNTANTS' REPORT I-1

APPENDIX II — UNAUDITED [REDACTED] FINANCIAL INFORMATION II-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. 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 our H Shares. There are risks associated with any [REDACTED]. Some of the particular risks in [REDACTED] in our Shares are set out in the section headed "Risk Factors" in this Document. You should read that section carefully before you decide to [REDACTED] in our H Shares. Various expressions used in this section are defined in the sections headed "Definitions" and "Glossary" in this Document.

OVERVIEW

Mission

Pioneer the global industrialization and commercialization of solid-state batteries.

Vision

Deliver green energy safely and efficiently across the globe.

Who We Are

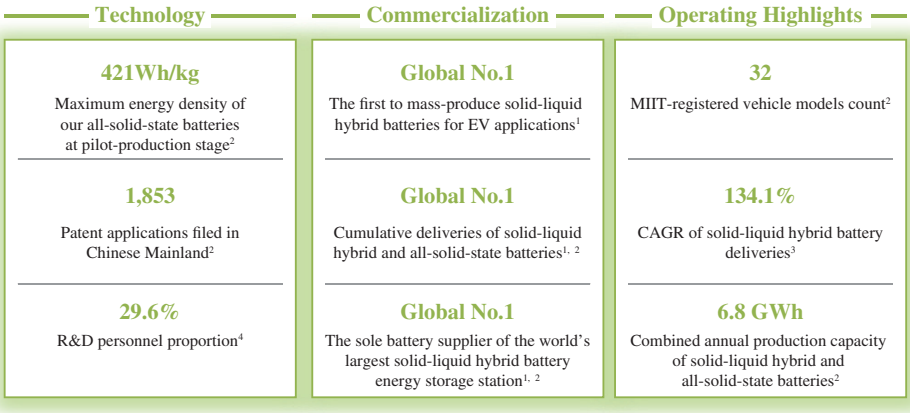
We are a pioneer in the industrialization and commercialization of solid-state batteries, with advanced solid-state battery technology and strong capabilities in developing and delivering solid-state battery products. We focus on the development, manufacture and sales of solid-liquid hybrid and all-solid-state batteries for electric vehicle (EV) and energy storage system (ESS) applications. At a time when battery safety, reliability and performance are becoming increasingly critical to the energy transition and the broader electrification of transportation and industry, we are committed to building a robust solid-state battery ecosystem and delivering safer, more affordable and higher-performance battery solutions to customers worldwide, supporting the broader adoption of green energy, to alleviate the global energy and environmental crisis.

We have built solid R&D capabilities integrating materials, equipment and manufacturing processes, and a clear and distinctive technological pathway since our inception. Centered on organic-inorganic composite solid electrolytes, this pathway has provided a coherent route for us to advance from liquid batteries to solid-liquid hybrid batteries and, ultimately, to all-solid-state batteries. Our innovation capabilities are supported by a full-stack R&D team covering materials, electrochemistry, electrical engineering, advanced manufacturing and software development. According to Frost & Sullivan, we hold one of the industry's broadest patent portfolios in solid-state battery technologies.

We have translated our technology capabilities into commercial deployment across both EV and ESS markets. For EV batteries, as of the Latest Practicable Date, we had delivered over 16,800 units of our solid-state battery products across more than 30 passenger and commercial vehicle models from well-known automotive OEM brands, including IM Motors, Morris Garages (MG), and Foton. For ESS batteries, we were among the first to introduce solid-state battery technology into the energy storage sector, targeting markets with stringent safety requirements and high value-added potential across grid, industrial and commercial, as well as residential applications. We are the sole battery supplier of the world's largest solid-liquid hybrid battery energy storage station, located in Wuhai, Inner Mongolia, with a capacity of 800 MWh, demonstrating our ability to deliver large-scale commercial deployment.

SUMMARY

We have achieved the following technological and commercial milestones:



Notes:
1. According to Frost & Sullivan
2. As of Latest Practicable Date
3. From 2023 to 2025
4. As of December 31, 2025

OUR STRENGTHS

We believe our following core competitive strengths will allow us to further consolidate our market leading position: (i) the pioneer in advancing the industrialization and commercialization of solid-state battery technologies; (ii) innovations across materials, processes and equipment strengthening our technology moat; (iii) robust engineering capabilities accelerating commercial deployments; (iv) deep customer integration driving commercial adoption; and (v) experienced and visionary leadership team with a clear commercialization strategy. For details, see "Business — Our Strengths."

OUR STRATEGIES

We intend to pursue the following strategies: (i) continue to invest in R&D to ensure a leading position in technology; (ii) expand solid-liquid hybrid battery production capacity; (iii) reduce production cost through materials innovation, supply chain optimization and scaled manufacturing; (iv) advance all-solid-state battery commercialization; (v) expand customer base and increase market share; (vi) drive international expansion and localized execution; and (vii) enhance ESG capabilities to support sustainable growth. For details, see "Business — Our Strategies."

OUR DIFFERENTIATED TECHNOLOGICAL PATHWAY

A fundamental challenge facing the solid-liquid hybrid and all-solid-state battery industry is that no single solid electrolyte material can deliver the full set of properties required for large-scale commercial application. To address this limitation, we have pursued a differentiated technological path centered on organic-inorganic composite solid electrolytes, which combine complementary material properties to improve ionic conductivity, interfacial stability, manufacturability, durability and cost efficiency. According to Frost & Sullivan, we are one of the very few solid-state battery companies to have achieved tangible commercial deployment using this architecture. Built on our technical know-how and patent portfolio across composite solid electrolytes and specialized electrode materials, this pathway supports both our current solid-liquid hybrid batteries and our all-solid-state batteries, with key product advantages including enhanced safety, longer life, high power output, high energy density, wide temperature range and lower cost. For details, see "Business — Our Differentiated Technological Pathway."

OUR PRODUCT PORTFOLIO

During the Track Record Period, we generated revenue primarily through the sales of our battery products. Our battery products are primarily used in two applications: EV and ESS. We also derive a portion of revenue from the sale of automation equipment used in battery production and other manufacturing.

EV Battery Products

We develop our EV battery products by leveraging the manufacturing, quality management and supply chain capabilities accumulated through our ESS battery business. Our EV batteries are designed to meet key vehicle performance requirements, including safety, energy density, fast-charging capability, durability, broad temperature adaptability and platform compatibility, enabling reliable operation across diverse vehicle models and use environments. To support continued mass production, we have maintained deep, long-term strategic partnerships with automotive OEMs, which continue to enhance our R&D, product integration and manufacturing efficiency.

ESS Battery Products

We are among the first companies globally to introduce solid-state battery technology into the ESS sector, according to Frost & Sullivan, with the core objective of enhancing the safety and overall performance of energy storage systems and serving markets with stringent safety requirements and high value-added potential across grid, industrial and commercial, as well as residential applications. Our ESS battery products offer key performance strengths, including high safety, long cycle life, broad temperature adaptability and high charge-discharge efficiency. We provide integrated energy storage and backup power systems for facilities requiring uninterrupted power supply, including data centers, financial institutions and healthcare facilities. We also offer residential ESS battery products featuring long service life, ease of deployment and space efficiency, providing users with round-the-clock support for green residential electricity consumption.

Automation Equipment

We offer a comprehensive portfolio of automation equipment for lithium battery manufacturing, encompassing coating machines with differentiated technical architectures, transfer drums, iron-removal filtration systems, mixers, calendering machines and other integrated automated production solutions. These products are designed to address the operational requirements of battery manufacturers by enhancing production efficiency, process consistency and operational reliability, all of which are critical to commercial-scale manufacturing. For details, see "Business — Our Battery Product Portfolio."

The following table sets forth a breakdown of our revenue by product, and as percentages of revenue, for the years indicated.

	Years Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)					
EV batteries	6,339	2.6	11,619	2.9	236,547	25.1
ESS batteries	92,313	37.2	258,360	63.7	592,072	62.8
Automation equipment	114,042	45.9	114,955	28.4	77,234	8.2
Others[(1)]	35,539	14.3	20,412	5.0	37,144	3.9
Total	**248,233**	**100.0**	**405,346**	**100.0**	**942,997**	**100.0**

Note:

(1) Others primarily represent recycling of scrap materials.

The following table sets forth our sales volumes and average selling prices (net of tax) ("**ASP**") by product type for the years indicated.

	Years Ended December 31,					
	2023		2024		2025	
	Sales Volume (GWh)	ASP (RMB per Wh)	Sales Volume (GWh)	ASP (RMB per Wh)	Sales Volume (GWh)	ASP (RMB per Wh)
EV battery products	0.01	0.56	0.02	0.60	0.78	0.31[(1)]
ESS battery products	0.13	0.70	0.48	0.54	1.17	0.51[(2)]

Notes:

(1) Our ASP for EV battery products in 2025 primarily represented the selling price of individual battery cells.

(2) Our ASP for ESS battery products in 2025 primarily represented the selling price of battery packs with integrated control systems.

For a detailed discussion of changes in our sales volumes and ASP during the Track Record Period, see "Business — Our Product Portfolio." For additional information about our plans to enhance the cost structure of our battery products, see "— Business Sustainability and Path to Profitability."

OUR SUPPLIERS

We procure primarily raw materials and others from third parties. The procurement process consists primarily of procurement request approval, supplier negotiation and designation, inspection and warehousing, and payment. During each year of the Track Record Period, with respect to suppliers associated with our cost items, the aggregate purchase amounts from our five largest suppliers were RMB83.0 million, RMB119.5 million, and RMB372.2 million, representing 19.6%, 22.8%, and 32.2% of the total purchase amounts from such suppliers, respectively. The purchase amounts from our single largest supplier associated with our cost items in the same periods were RMB26.2 million, RMB44.3 million, and RMB139.8 million, representing 6.2%, 8.4%, and 12.1% of the total purchase amount from such suppliers, respectively. To the best knowledge of our Directors, during the Track Record Period, certain of our top customers are also our suppliers, and certain of our top suppliers are also our customers. Negotiations of the terms of our sales to, and purchases from, these overlapping customers and suppliers were conducted on a transaction-by-transaction basis using independent business terms. Our transactions with these entities were conducted on an arm's-length basis in the ordinary course of our business. For more details, see "Business — Procurement" and "Business — Supply Chain Management."

OUR CUSTOMERS

During the Track Record Period, our principal customers in the EV battery sector were automotive OEMs, while our principal customers in the ESS battery sector were EPC contractors who integrate our battery products into ESS projects. Revenue generated from our five largest customers in each year during the Track Record Period amounted to RMB108.3 million, RMB153.7 million and RMB706.2 million, respectively, representing 43.6%, 37.9% and 74.9% of our total revenue for the respective year. Revenue generated from our largest customer in the same periods was RMB75.4 million, RMB61.4 million and RMB394.6 million, respectively, representing 30.4%, 15.1% and 41.8% of our total revenue for the respective year. For details, see "Business — Sales, Marketing and Customers."

BUSINESS SUSTAINABILITY AND PATH TO PROFITABILITY

We recorded gross loss of RMB59.0 million, RMB96.3 million and RMB250.3 million in 2023, 2024 and 2025, respectively, representing gross loss margins of 23.8%, 23.8% and 26.5% during the same period, respectively. We recorded net losses of RMB853.0 million, RMB999.1 million and RMB1,302.3 million in 2023, 2024 and 2025, respectively. Our adjusted net loss (non-IFRS measure) amounted to RMB277.6 million, RMB496.1 million and RMB765.7 million in 2023, 2024 and 2025, respectively.

Our historical losses during the Track Record Period were primarily attributable to the following factors. First, as a leading company in the industrialization of solid-state battery technology in China, we were transitioning from a research-driven technology company to one with broader manufacturing capabilities. Battery manufacturing is capital-intensive, and a meaningful portion of our cost of sales

consists of fixed and semi-fixed costs, such as labor costs and manufacturing overhead, while other components, such as material costs and inventory write-downs, may also affect our cost of sales. During the Track Record Period, many of our production lines were in the pre-commercial and ramp-up phases, with limited-volume deliveries, and the foregoing fixed and semi-fixed costs was spread over a limited volume of commercial delivery, resulting in relatively high unit costs and negative gross margins. Second, our strategic focus on the EV battery business required substantial upfront investment in process and material optimization, equipment commissioning and line qualification, and pilot production before reaching mass production that could generate revenue at scale. The scale of these investments reflects the fact that commercialization of solid-liquid hybrid and all-solid-state batteries required substantial investment not only in battery materials, but also in cell design, manufacturing processes and production equipment. Third, we have made substantial front-loaded investments in research and development. Our research and development expenses were approximately RMB142.0 million, RMB295.6 million and RMB376.9 million in 2023, 2024 and 2025, representing approximately 57.2%, 72.9% and 40.0% of revenue and accounted for approximately 16.6%, 29.6% and 28.9% of our net losses of RMB853.0 million, RMB999.1 million and RMB1,302.3 million in the respective years.

We are working to improve our financial performance and move towards sustained profitability through the following drivers:

Customer Expansion and Order Growth. Customer expansion and increased order volume from existing customers are a key driver of our path to profitability. In our business, customer relationships are typically built through long development cycles, product validation, joint engineering work and delivery execution, and once a supplier completes the relevant qualification and delivery stages, stronger customer relationships can support additional model nominations, broader product penetration and higher order volume over time. For our EV battery business, we have established cooperative relationships with leading automotive OEMs. In addition, we have entered into a cooperation memoranda with a leading automotive OEM, under which such OEM expressed a non-binding intention to procure several types of battery products supplied by us over the next three years. For our ESS battery business, we intend to expand cooperation with EPC contractors and other industry participants, particularly in overseas markets where project margin profiles are generally more favorable than domestic projects. Across both EV and ESS, we are also improving customer feedback and service coordination mechanisms to support product iteration, delivery quality and customer retention. We are also targeting higher-value vehicle segments, including hybrid electric vehicle (HEV), plug-in hybrid electric vehicle (PHEV) and extended-range electric vehicle (EREV) applications, where our solid-liquid hybrid batteries offer performance advantages including high charge-discharge rates, extended cycle life and wide operating temperature range, and which command more favorable unit pricing and margins. We are in advanced engagement with a leading automotive OEM for the supply of our solid-liquid hybrid batteries as standard-fit batteries for its HEV models, with mass production delivery expected to commence in 2027.

Margin Improvement Through Manufacturing Scale. We are actively driving gross margin improvement by scaling production volume and increasing fixed-cost absorption across our manufacturing base. During the Track Record Period, a meaningful portion of our manufacturing activities still related to pre-commercial and ramp-up phases, with limited-volume deliveries, rather than stable large-scale commercial delivery. As customer programs move into more stable batch delivery, fixed manufacturing costs, including depreciation and amortization, fixed labor and energy costs, can be absorbed over a larger and more stable output base. We are also working to improve yield and reduce changeover losses by establishing more specialized and dedicated production arrangements for selected products, refining process parameters for different material systems, improving production planning and strengthening scrap control in key manufacturing steps. These efforts are intended to improve production continuity, reduce time and material losses associated with line changeovers and support more stable large-scale production over time.

Material Cost Reduction Through Technology Advancements and Economies of Scale. We pursue material cost reduction through both technology advancement and production scale. On the technology side, we are improving our overall product architecture to develop and use new materials with more attractive cost-performance profiles, lowering bill-of-materials (BOM) cost, which is the aggregate cost of the raw materials and components that go into each battery. In particular, our manganese-based cathode materials generally cost less than established LFP cathode materials and approximately 30% of NCM

cathode materials, while operating at a higher voltage that enables greater energy density, thereby reducing the overall cost of the battery pack. We also continue to refine manufacturing processes for different material systems, including building dedicated process libraries and systematically reducing process variability to lower manufacturing costs as production scales. On the procurement and scale side, we are establishing dedicated production lines for selected high-volume products, reconfiguring production scheduling to reduce changeover losses, broadening our supplier base, qualifying secondary and localized suppliers, and introducing volume-linked pricing mechanisms that reduce purchase prices as order volumes increase. We have also established a lithium manganese oxide production facility at our Wuhai production base to support future cathode material requirements and strengthen our ability to manage material costs directly.

Global Market Expansion. We are actively expanding into international markets to capture opportunities that command superior pricing and margins, and, subject to completion of certification and customer qualification, plan to supply our battery products to overseas customers. Our overseas expansion strategy differs by business line: in EV batteries, we intend to follow domestic OEM customers into overseas markets by supporting their export vehicle programs through product validation, certification and technical coordination; in ESS batteries, we plan to expand through local partners with established sales channels, focusing on cells and modules while partners handle downstream pack integration and local certification, allowing us to enter new markets efficiently without building a full overseas platform at the outset.

Enhanced Operating Leverage. Our operating cost structure is designed to achieve improving expense ratios as our revenue base scales. Research and development expenses will remain significant in absolute terms as we continue to invest in advanced battery products, materials, processes and technologies, but their growth is expected to be slower than revenue growth as our products move further into mass-production and delivery and our research and development focus shifts from foundational capability-building toward product iteration, customer-specific adaptation and manufacturing optimization. General and administrative expenses benefit from our integrated management and digital operating framework, which supports a larger production footprint and revenue base without a proportionate increase in management overhead. Selling and distribution expenses are expected to remain at a relatively low level as a percentage of revenue because our business model depends primarily on long-term relationships with major automotive OEMs and other key customers, rather than broad-based marketing expenditure. Taken together, we expect profitability to improve over time as revenue grows, gross margin benefits from larger-scale production and lower material and manufacturing costs, and operating expenses decline as a percentage of revenue.

For details, see "Business — Business Sustainability and Path to Profitability."

COMPETITION

We operate in the global EV battery and ESS battery markets through our solid-liquid hybrid and all-solid-state battery products. According to Frost & Sullivan, global shipments of solid-liquid hybrid and all-solid-state batteries increased from 0.4 GWh in 2022 to 6.0 GWh in 2025 and are expected to grow rapidly through 2030, driven by increasing requirements for higher energy density, enhanced safety performance and broader applications. The markets remain relatively concentrated, with a limited number of specialized technology-driven companies possessing the technologies, process know-how and equipment integration capabilities required for industrialization. According to Frost & Sullivan, we ranked first globally in this market based on shipment volume in 2025, with a market share of approximately 33.6% globally and approximately 44.8% in China. For further details, see "Industry Overview."

OUR CONTROLLING SHAREHOLDERS

Dr. Feng, Dr. Li, Dr. Nan and Ms. Yang first entered into a Concert Party Agreement on November 25, 2017 and such agreement was reconfirmed on June 5, 2019, pursuant to which, among others, they agreed to reach consensus on matters requiring decisions prior to the convening of the Board meeting or the Shareholders' meeting, and to cast consistent votes at such meetings. For details, see "History, Development and Corporate Structure — Concert Party Agreement". Immediately following the completion of the [REDACTED] (assuming that the [REDACTED] is not exercised), Dr. Feng, as a general partner,

will be able to control the voting rights held by Kunshan Heshi, and, pursuant to the partnership agreement, Dr. Feng, as the general partner on executive matters, will be entitled to control the voting rights held by Kunshan Qingchuang, both being an Employee Shareholding Platform. Accordingly, Dr. Feng, Dr. Li, Dr. Nan and Ms. Yang, together with Kunshan Heshi and Kunshan Qingchuang, constitute a group of Controlling Shareholders and will be entitled to exercise approximately [REDACTED]% of the aggregated voting rights in our Company upon [REDACTED].

OUR RELATIONSHIP WITH SAIC GROUP

SAIC Motor, being our substantial shareholder upon [REDACTED], is a PRC automotive manufacturer listed on the Shanghai Stock Exchange (stock code: 600104). According to Frost & Sullivan, it is one of the largest automotive manufacturers in the PRC by sales volume. For details of our strategic cooperation, historical transactions during the Track Record Period and continuing connected transactions after [REDACTED] with SAIC Motor, see the section headed "Business" and "Connected Transactions".

PRE-[REDACTED] INVESTMENTS

We have undertaken several rounds of Pre-[REDACTED] Investments. For details of the background of our major Pre-[REDACTED] Investors and the principal terms of the Pre-[REDACTED] Investments, see "History, Development and Corporate Structure — Pre-[REDACTED] Investments".

SUMMARY OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

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

	Years Ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Revenue	248,233	405,346	942,997
Cost of sales	(307,231)	(501,673)	(1,193,250)
Gross loss	**(58,998)**	**(96,327)**	**(250,253)**
Other income	60,472	66,455	153,671
Other gains and losses, net	14,684	26,646	(17,152)
Selling and marketing expenses	(22,338)	(22,015)	(25,411)
General and administrative expenses	(96,120)	(146,020)	(196,615)
Research and development expenses	(142,012)	(295,598)	(376,944)
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Impairment losses on financial assets and other items	(23,120)	(22,037)	(38,868)
Share of results of associates	(5,291)	(2,600)	(2,898)
Finance costs	(573,344)	(502,313)	(542,450)
Loss before tax	**(846,067)**	**(993,809)**	**(1,299,881)**
Income tax expense	(6,977)	(5,308)	(2,468)
Loss for the year	**(853,044)**	**(999,117)**	**(1,302,349)**

For details for comprehensive discussion on fluctuations in our revenue and R&D expenses, see "Financial Information — Discussion of Results of Operations."

NON-IFRS FINANCIAL MEASURE

The following table reconciles Non-IFRS measure for the years presented with the nearest measure prepared in accordance with IFRS Accounting Standards.

	Years Ended December 31,		
	2023	2024	2025
	RMB	RMB	RMB
	(RMB in thousands)		
Loss for the year	(853,044)	(999,117)	(1,302,349)
Adjustments:			
— Finance costs from redemption liabilities	570,285	497,687	533,695
— Share-based payment expenses	5,208	5,372	—
— [REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Adjusted net loss (*Non-IFRS measure*)	(277,551)	(496,058)	(765,693)

GROSS LOSS AND GROSS MARGIN

We recorded gross loss of RMB59.0 million, RMB96.3 million and RMB250.3 million in 2023, 2024 and 2025, respectively. The following table sets forth a breakdown of our gross profit/(loss) and gross margin by product for the years indicated.

	Years Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)					
EV batteries	(2,418)	(38.1)	(8,945)	(77.0)	(263,868)	(111.6)
ESS batteries	(100,177)	(108.5)	(126,682)	(49.0)	(35,674)	(6.0)
Automation equipment	32,075	28.1	23,761	20.7	20,685	26.8
Others	11,522	32.4	15,539	76.1	28,604	77.0
Total	**(58,998)**	**(23.8)**	**(96,327)**	**(23.8)**	**(250,253)**	**(26.5)**

For details, see "Financial Information — Description of Key Components of Consolidated Statements of Profit or Loss."

SUMMARY OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITIONS

The table below sets forth selected information from our consolidated balance sheets as of the dates indicated, which has been extracted from the Accountants' Report included in Appendix I to this Document:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Non-current assets	1,481,353	2,607,787	3,300,174
Current assets	4,025,100	2,987,909	3,331,358
Total assets	**5,506,453**	**5,595,696**	**6,631,532**
Non-current liabilities	299,307	277,979	1,220,943
Current liabilities	7,578,021	8,682,337	9,749,722
Total liabilities	**7,877,328**	**8,960,316**	**10,970,665**
Net current liabilities	**(3,552,921)**	**(5,694,428)**	**(6,418,364)**
Net liabilities	**(2,370,875)**	**(3,364,620)**	**(4,339,133)**
Share capital	547,375	547,375	547,375
Reserves	(3,122,285)	(4,083,790)	(5,309,217)
Total deficit	**(2,370,875)**	**(3,364,620)**	**(4,339,133)**

For a detailed discussion of our current assets and current liabilities during the Track Record Period, see "Financial Information — Discussion of Selected Items from the Consolidated Statements of Financial Positions."

SUMMARY OF CONSOLIDATED STATEMENTS OF CASH FLOWS

The following table presents our consolidated cash flow data for the years indicated.

	Year Ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Net cash used in operating activities	(542,307)	(466,367)	(529,866)
Net cash used in investing activities	(248,613)	(1,104,673)	(800,555)
Net cash generated from financing activities	3,041,664	3,080	988,199
Net increase/(decrease) in cash and cash equivalents	**2,250,744**	**(1,567,960)**	**(342,222)**
Cash and cash equivalents at beginning of the year	896,983	3,147,727	1,579,767
Cash and cash equivalents at end of the year	**3,147,727**	**1,579,767**	**1,237,545**

During the Track Record Period and as of the Latest Practicable Date, our principal sources of liquidity have been cash generated from the Pre-[REDACTED] investments, and bank borrowings. For details, see "Financial Information — Liquidity and Capital Resources."

KEY FINANCIAL RATIOS

The following table sets forth some of our key financial ratios as of the dates indicated.

	As of December 31,		
	2023	2024	2025
Current ratio[(1)]	4.5	2.0	1.6
Gearing ratio[(2)]	0.1	0.1	0.3

Notes:

(1) Current ratio is calculated as total current assets at the end of the year divided by total current liabilities, excluding redemption liabilities.

(2) Gearing ratio is calculated based on total debt, including interest-bearing borrowings and lease liabilities, divided by total equity plus redemption liabilities, as of the date indicated.

For a more comprehensive discussion of the factors affecting our key financial ratios during the Track Record Period, see "Financial Information — Description of Key Components of Consolidated Statements of Profit or Loss."

RISK FACTORS

Our business and the [REDACTED] involve certain risks, which are set out in the section headed "Risk Factors." You should read that section in its entirety carefully before you decide to [REDACTED] in our Shares. Some of the major risks we face include: (i) the solid-state battery industry is an emerging technology sector and an early-stage market, and uncertainties in its development and commercialization, particularly in the power and energy storage segments, could materially affect its growth and stability; (ii) we have incurred gross losses and net losses during the Track Record Period and may continue to incur gross losses and net losses in the future, and we may not be able to achieve or maintain profitability; (iii) we have incurred net operating cash outflows and net current liabilities during the Track Record Period and may continue to experience negative operating cash flows in the future, which may require us to rely on external financing; (iv) If we are unable to retain existing customers and attract new customers, or if our connected party transactions do not continue on favorable terms, our business, financial conditions and results of operations could be materially and adversely affected; (v) our research and development activities involve significant uncertainty, and we may not realize the expected technological, commercial or financial benefits from these efforts, which could adversely affect our competitiveness and profitability; and (vi) we may not be able to increase our production capacity as planned, and even if our production expansion projects proceed as planned, we may not be able to increase our production capacity in a timely manner or at all as envisaged.

DIVIDEND

During the Track Record Period, no dividends have been declared and paid by us. See "Financial Information — Dividend" for details of the restrictions on our ability to declare and distribute dividends.

WORKING CAPITAL SUFFICIENCY

Taking into account the financial resources available to us, including anticipated cash flow from our operating activities, existing cash and cash equivalents, available bank facilities and the estimated net [REDACTED] from the [REDACTED], our Directors believe that we have sufficient working capital for our present requirements and for the next 12 months from the date of this Document. We intend to finance our future working capital requirements and capital expenditures primarily from bank facilities and funds raised from financing activities, including the net [REDACTED] we will receive from the [REDACTED].

[REDACTED] EXPENSES

Based on the mid-point [REDACTED] of HK$[REDACTED] (being the mid-point of our [REDACTED] of HK$[REDACTED] to HK$[REDACTED] per [REDACTED]), the total [REDACTED] expenses (including [REDACTED]) payable by our Company are estimated to be approximately HK$[REDACTED] (equivalent to approximately RMB[REDACTED]), assuming the [REDACTED] is not exercised. These [REDACTED] expenses mainly comprise professional fees paid and payable to the professional parties, and [REDACTED] payable to the [REDACTED], for their services rendered in relation to the [REDACTED] and the [REDACTED].

As of December 31, 2025, we have incurred RMB[REDACTED] of [REDACTED] expenses for the [REDACTED], of which RMB[REDACTED] was charged to our consolidated statements of profit or loss. We estimate that an additional [REDACTED] expenses of RMB[REDACTED] (including [REDACTED] of RMB[REDACTED], assuming the [REDACTED] is not exercised and based on an [REDACTED] of HK$[REDACTED] per [REDACTED]), accounting for [REDACTED]% of our gross [REDACTED], will be further incurred by our Group, of which RMB[REDACTED] is expected to be charged to our consolidated statements of profit or loss and RMB[REDACTED] is expected to be charged against equity upon the [REDACTED].

[REDACTED] STATISTICS

	Based on an [REDACTED] of HK$[REDACTED] per H Share	Based on an [REDACTED] of HK$[REDACTED] per H Share
Market [REDACTED] of our Shares[(1)]	HK$[REDACTED]	HK$[REDACTED]
Unaudited [REDACTED] adjusted consolidated net tangible assets per Share[(2)]	HK$[REDACTED]	HK$[REDACTED]

Notes:

(1) The calculation is based on the assumption that [REDACTED] Shares will be in issue immediately upon completion of the [REDACTED] (without taking into account Shares that may be issued upon the exercise of the [REDACTED]).

(2) The unaudited [REDACTED] adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share as at December 31, 2025 are based on [REDACTED] Shares, which is the existing shares excluding the shares with redemption right as of December 31, 2025 and immediately following the completion of the [REDACTED]. It does not take into account of (i) any Share which may be allotted and issued upon the exercise of the [REDACTED], (ii) general mandates for the allotment and issue of Shares granted to the employees of the Company, or (iii) the impact from the redemption right termination.

APPLICATION FOR [REDACTED] OF THE H SHARES ON THE STOCK EXCHANGE

We [have applied] to the Stock Exchange for the granting of [REDACTED] of, and permission to [REDACTED], our H Shares to be issued pursuant to the [REDACTED] (including any H Shares which may be issued pursuant to the exercise of the [REDACTED]) and the H Shares to be converted from Unlisted Shares. We satisfy the market capitalization/revenue test under Rule 8.05(3) of the Listing Rules with reference to (i) our revenue for the year ended December 31, 2025, which exceeds HK$500 million,

and (ii) our expected market capitalization at the time of [REDACTED], which exceeds HK$4 billion based on the low-end of the indicative [REDACTED]. No part of our H Shares is [REDACTED] on or [REDACTED] on any other stock exchange, and no such [REDACTED] or permission to [REDACTED] is being or proposed to be sought in the near future.

FUTURE PLANS AND USE OF [REDACTED]

We estimate that we will receive net [REDACTED] from the [REDACTED] of approximately HK$[REDACTED] (after deducting the [REDACTED] fees and other estimated expenses payable by us in connection with the [REDACTED]), assuming an [REDACTED] of HK$[REDACTED] per H Share, being the mid-point of the [REDACTED] stated in this Document, and assuming the [REDACTED] are not exercised. In line with our strategies, we intend to use the net [REDACTED] for the following purposes: (i) approximately [REDACTED]% of the net [REDACTED], or HK$[REDACTED] will be used to construct new production facilities and/or acquire equipments to expand our production capacity for solid-liquid hybrid and all-solid-state batteries; (ii) approximately [REDACTED]% of the net [REDACTED], or HK$[REDACTED] will be used for R&D activities to enhance the performance of our solid-state battery products and refine our manufacturing processes, with the aim of translating our technology capabilities into commercially viable products across EV, ESS and emerging sector application; and (iii) approximately [REDACTED]% of the net [REDACTED], or HK$[REDACTED] will be used for working capital and general corporate purposes. For additional details, see "Future Plans and Use of [REDACTED]."

COMPLIANCE AND LEGAL PROCEEDINGS

During the Track Record Period and up to the Latest Practicable Date, we were not a party to any actual or pending legal or administrative proceedings, which would have a material adverse effect on our business, financial position or results of operations as a whole. Please see "Business — Compliance and Legal Proceedings" for more information.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

In January 2026, we obtained the requisite construction permit from the competent local governmental authorities for a proposed new battery production base in Kunshan, Jiangsu. In March 2026, a new major production line at our production base in Taizhou, Zhejiang commenced commercial operations, adding approximately 3.1 GWh of annual production capacity for our EV battery products. For more information about our production bases, see "Business — Manufacturing." For additional information about our plan to expand our production capacity, see "Future Plans and Use of [REDACTED]."

In March 2026, SAIC Motor announced at MG Tech Day in Frankfurt that the MG4 Urban would become the first mass-produced electric vehicle in Europe to be fitted with solid-liquid hybrid batteries supplied by us, with availability targeted for later in 2026.

In addition, in connection with our Round H financing, we completed a series of equity financings pursuant to which we issued an aggregate of 40,000,504 ordinary shares to a group of institutional and strategic investors for total gross proceeds of approximately RMB1.9 billion. The subscriptions were completed in two tranches on January 27, 2026 and February 28, 2026, respectively. For more information about the foregoing financing, see "History, Development and Corporate Structure."

Our Directors have confirmed that as of the date of this Document, there has been no material adverse change in our financial, operational or trading position, indebtedness, contingent liabilities or prospects since December 31, 2025, being the end date of our latest audited financial statements, and there has been no event since December 31, 2025 that would materially affect the information shown in the Accountants' Report set out 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 "Glossary".

"Accountants' Report"	the accountants' report of our Company prepared by Deloitte Touche Tohmatsu, the text of which is 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"	the Accounting and Financial Reporting Council of Hong Kong
"Articles" or "Articles of Association"	the articles of association of our Company, as amended from time to time, which shall become effective upon 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
"Audit Committee"	the audit committee of the Board
"Board" or "our Board"	the board of Directors
"Business Day"	a day on which banks in Hong Kong are generally open to the public for normal business and which is not a Saturday, Sunday or public holiday in Hong Kong

[REDACTED]

"China", "Chinese Mainland", or "PRC"	the People's Republic of China, which, for the purposes of this Document and for geographical reference only, excludes Hong Kong, the Macao Special Administrative Region of the People's Republic of China, and Taiwan Region
"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"	Qingtao (KunShan) Energy Development Co., Ltd. (清陶(昆山)能源發展集團股份有限公司), a limited liability company established in the PRC on June 13, 2016 and converted into a joint stock company with limited liability on January 29, 2021
"Compliance Adviser"	Rainbow Capital (HK) Limited
"Concert Party Agreement"	a concert party agreement was first entered into among Dr. Feng, Dr. Li, Dr. Nan and Ms. Yang on November 25, 2017 and reconfirmed on June 5, 2019
"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
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules and unless the context requires otherwise, refers to Dr. Feng, Dr. Li, Dr. Nan and Ms. Yang, together with Kunshan Heshi and Kunshan Qingchuang, being the members constituting the group of our Controlling Shareholders
"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
"Dr. Feng"	Dr. Feng Yuchuan (馮玉川), the chairman and an executive Director of our Company, and a Controlling Shareholder
"Dr. Li"	Dr. Li Zheng (李崢), an executive Director of our Company and general manager of our Company, and a Controlling Shareholder
"Dr. Nan"	Dr. Nan Cewen (南策文), a Controlling Shareholder
"Ms. Yang"	Ms. Yang Fan (楊帆), a non-executive Director of our Company and a Controlling Shareholder
"EIT"	the PRC enterprise income tax
"EIT Law"	the PRC Enterprise Income Tax Law (《中華人民共和國企業所得税法》)

"Employee Incentive Plan"	the employee incentive plan, adopted by the Company on December 21, 2024 and amended on December 20, 2025
"Employee Shareholding Platforms"	the pre-[REDACTED] employee shareholding platforms of our Group, namely Kunshan Heshi and Kunshan Qingchuang
	[REDACTED]
"Extreme Conditions"	extreme conditions as announced by the government of Hong Kong in the case where a super typhoon or other natural disaster of a substantial scale seriously affects the working public's ability to resume work or brings safety concern for a prolonged period
	[REDACTED]
"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent industry consultant commissioned by us to prepare the Frost & Sullivan Report
"Frost & Sullivan Report"	an independent market research report, commissioned by our Company and prepared by Frost & Sullivan
	[REDACTED]
"Group", "our Group", "our", "we", or "us"	our Company and its subsidiaries, or any one of them as the context may require, and where the context requires, the businesses operated by our Company and/or its subsidiaries and their predecessors (if any)
"Guide for New Listing Applicants"	the Guide for New Listing Applicants issued by the Hong Kong Stock Exchange, as amended, supplemented or otherwise modified from time to time
	[REDACTED]
"H Share(s)"	[REDACTED] ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which are to be subscribed for and [REDACTED] in Hong Kong dollars and to be [REDACTED] on the Hong Kong Stock Exchange

"HASCO"	HUAYU Automotive Systems Company Limited (華域汽車系統股份有限公司), a company listed on the Shanghai Stock Exchange (Stock Code: 600741) and a subsidiary of SAIC Motor
"HK$", "HKD" or "Hong Kong dollars"	Hong Kong dollar(s), the lawful currency of Hong Kong
	[REDACTED]
"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 wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited

"Hong Kong Takeovers Code" or "Takeovers Code"	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
	[REDACTED]
"IFRSs"	the International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by IASB and the International Accounting Standards (IAS) and interpretations issued by the International Accounting Standards Committee (IASC)
"IIT Law"	the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法》)
"Independent Third Party(ies)"	any person(s) or entity(ies) who is not a connected person of the Company within the meaning of the Listing Rules
	[REDACTED]

[REDACTED]

"Joint Sponsors" and "REDACTED]"	the joint sponsors and [REDACTED] as named in the section headed "Directors and Parties Involved in the [REDACTED]" in this Document
"Kunshan Heshi"	Kunshan Heshi Venture Capital Partnership Enterprise (Limited Partnership) (昆山何施創業投資合夥企業(有限合夥)), a limited partnership established in the PRC on December 5, 2019, being one of our Employee Shareholding Platforms and a member of our Controlling Shareholders
"Kunshan Qingchuang"	Kunshan Qingchuang Entrepreneurship Investment Partnership Enterprise (Limited Partnership) (昆山清創創業投資合夥企業(有限合夥)), a limited partnership established in the PRC on December 5, 2019, being one of our Employee Shareholding Platforms and a member of our Controlling Shareholders
"Latest Practicable Date"	March 30, 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"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operates in parallel with the GEM of the Hong Kong Stock Exchange
"MOF"	the Ministry of Finance of the PRC (中華人民共和國財政部)

"MOFCOM"	the Ministry of Commerce of the PRC (中華人民共和國商務部)
"NDRC"	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"Nomination Committee"	the nomination committee of the Board
"NPC"	the National People's Congress of the PRC (中華人民共和國全國人民代表大會)

[REDACTED]

"Overseas Listing Trial Measures"	the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies and five supporting guidelines (《境內企業境外發行證券和上市管理試行辦法》及五項配套指引) promulgated by the CSRC on February 17, 2023 which became effective on March 31, 2023
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"PRC Company Law"	the Company Law of the PRC (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time

"PRC GAAP"	generally accepted accounting principles of the PRC
"PRC Legal Adviser"	AllBright Law Offices, the PRC legal adviser to our Company in connection with the [REDACTED]
"PRC Securities Law"	the Securities Law of the PRC (中華人民共和國證券法), as amended, supplemented or otherwise modified from time to time
"Pre-[REDACTED] Investment(s)"	the investment(s) in our Group undertaken by the Pre-[REDACTED] Investors prior to this [REDACTED], the details of which are set out in "History, Development and Corporate Structure" in this Document
"Pre-[REDACTED] Investor(s)"	the investor(s) making investments in our Group prior to this [REDACTED] as set out in "History, Development and Corporate Structure" in this Document

[REDACTED]

"Document"	this document being issued in connection with the [REDACTED]
"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration Committee"	the remuneration committee of the Board
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國外匯管理局)
"SAIC Motor"	SAIC Motor Corporation Limited (上海汽車集團股份有限公司), a company listed on the Shanghai Stock Exchange (Stock Code: 600104)
"SAMR"	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
"SAT"	the State Administration of Taxation of the PRC (中華人民共和國國家税務總局)

"SFC"	the Securities and Futures Commission of Hong Kong
"SFO" or "Securities and Futures Ordinance"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, including H Shares and Unlisted Shares
"Shareholder(s)"	holder(s) of the Share(s)
	[REDACTED]
"State Council"	the State Council of the PRC (中華人民共和國國務院)
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Track Record Period"	the period comprising the financial years ended December 31, 2023, 2024 and 2025
"treasury shares"	has the meaning ascribed thereto under the Listing Rules
"U.S. dollars", "US$" or "USD"	United States dollars, the lawful currency of the United States
"U.S. persons"	U.S. persons as defined in Regulation S
"U.S. Securities Act"	the U.S. Securities Act of 1933, as amended, supplemented or otherwise modified from time to time
	[REDACTED]
"United States" or "U.S."	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
"Unlisted Share(s)"	ordinary share(s) issued by our Company, with a nominal value of RMB1.00 each, which is/are not listed on any stock exchange
"VAT"	value-added tax
	[REDACTED]

DEFINITIONS

"%"	per cent

Certain amounts and percentage figures included in this Document have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

For ease of reference, the names of Chinese laws and regulations, governmental authorities, institutions, natural persons or other entities (including our subsidiaries) 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. English translations of company names and other terms from the Chinese language are provided for identification purposes only.

GLOSSARY

In this Document, unless the context otherwise requires, explanations and definitions of certain terms used in this Document in connection with our Group and our business shall have the meanings set out below. The terms and their meanings may not correspond to standard industry meaning or usage of these terms, and may not be comparable to similarly terms adopted by other companies.

"Ah"	the unit of battery capacity, Ah = ampere hour
"all-solid-state battery"	a type of rechargeable lithium-ion batteries that use solid electrolyte entirely without any liquid components present
"anode material"	the active substance where lithium ions are stored during charging and released during discharging in lithium-ion batteries. Common types include graphite, composite graphite, etc.
"battery pack"	a collection of multiple battery cells connected together in series, parallel, or a combination of both, along with associated components such as a battery management system (BMS), thermal management system, housing, and electrical connectors, designed to provide a specific voltage, capacity, and power output for a particular application
"BEV" or "battery electric vehicle"	battery electric vehicle, a vehicle whose drive energy is entirely provided by electricity and is driven by an electric motor. The electric energy for the motor comes from an on-board rechargeable energy storage system without using internal combustion engines
"BMS"	battery management system
"CAGR"	compound annual growth rate
"cathode material"	the active substance where lithium ions are inserted into the material during discharging and extracted during charging in lithium-ion batteries. Common types include lithium cobalt oxide, ternary materials, lithium iron phosphate, etc.
"cell"	battery cell
"cycle life"	the number of complete charge and discharge cycles a battery can undergo while maintaining its capacity above a specified threshold, typically 80% of its initial rated capacity; the threshold can also be other values indicated specifically
"electrolyte"	a material that exhibits ionic conductivity, which can be in the form of a liquid, gel, or solid, and is used in electrochemical systems to facilitate the movement of ions between electrodes

GLOSSARY

"energy density"	the measurement of how much energy a cell or pack contains in relation to either its mass or its volume. Energy density is measured either in Watt hour per kilogram (Wh/kg) or as Watt hour per Liter (Wh/L). When it is used to compare to mass in the Wh/kg, it is referred to as gravimetric energy density. When it is referred to in relation to volume in the Wh/L form, it is referred to as volumetric energy density
"EPC"	Engineering Procurement and Construction, a project delivery model in which a single contractor is responsible for the entire lifecycle of an industrial or infrastructure project, from initial design and engineering, through equipment and material procurement, to on-site construction, commissioning, and final handover.
"EREV"	extended range electric vehicle
"ESS"	energy storage system, a system that uses one or more batteries to store electrical energy and release it when needed, typically including components such as battery cells, power conversion systems, battery management systems, and auxiliary equipment for control, monitoring, and safety.
"ESS batteries"	batteries used for energy storage system
"EV"	electric vehicle; a vehicle that uses one or more electric motors for propulsion, drawing power from a battery, fuel cell, or other electrical energy storage system
"EV batteries"	batteries used in electric vehicles
"HEV"	hybrid electric vehicle
"LATP"	lithium aluminium titanium phosphate, a solid electrolyte material used in lithium batteries
"layered manganese-based cathode materials"	a class of cathode materials for lithium-ion batteries, characterized by a layered crystal structure in which manganese (Mn) is the primary transition metal component. These materials typically consist of alternating layers of manganese oxide (MnO6) octahedra and lithium ion layers, forming a two-dimensional framework that allows for the reversible insertion and extraction of Li ions during battery charge and discharge cycles
"Li_6PS_5Cl"	the general formula of a type of sulfide solid eletrolyte, usually called Lithium Phosphorus Sulfur Chloride
"lithium ferro phosphate or lithium iron phosphate" or "LFP"	a lithium transition metal phosphate with the general formula $LiFePO_4$, belonging to the olivine crystal structure family, known for safety, long cycle life, and stable performance in batteries

GLOSSARY

"lithium manganese iron phosphate" or "LMFP"	manganese-doped lithium iron phosphate cathode with the general formula $LiMnFe_{1-x}PO_4$
"lithium manganese oxide" or "LMO"	a spinel-type manganese oxide cathodes with the general formula $LiMn_2O_4$, providing fast charging, stable performance, and relatively low cost
"lithium nickel manganese oxide" or "LNMO"	a cobalt-free, high-voltage spinel-type nickel-manganese oxide cathode material with the general formula $LiNi_4Mn_{1.5}O_4$, that balance energy capacity, charging speed, and cost, suitable for large-scale solid-state batteries
"LLZO"	lithium lanthanum zirconium oxide, a solid electrolyte material for lithium batteries
"LMP"	lithium manganese phosphate
"LRM"	lithium-rich manganese-based materials
"module"	battery module, a collection of one or more battery cells connected together in series, parallel, or series-parallel configuration, and enclosed in a common housing or support structure.
"OEM"	original equipment manufacturer
"PACK"	battery pack
"PHEV"	plug-in hybrid electric vehicle
"PCS"	power conversion system, a critical component in a battery energy storage system
"SEI"	solid electrolyte interphase
"separator"	a microporous membrane that isolates cathode and anode to prevent electronic short circuits while allowing lithium ions to pass freely
"SOC"	State of Charge, the current available energy in a battery, expressed as a percentage of its maximum usable capacity, ranging from 0% (fully discharged) to 100% (fully charged)
"solid-liquid hybrid batteries"	batteries that incorporate both solid and liquid electrolytes within their cell structure, combining the properties of solid-state and liquid electrolyte batteries
"solid-liquid hybrid electrolyte"	a type of hybrid electrolyte system that combines both solid and liquid phases within a single battery cell

GLOSSARY

"solid-state battery"	a new type of battery that uses a solid electrolyte replacing the liquid or gel-like electrolytes found in a conventional lithium-ion battery. It offers higher energy density, improved safety, and longer cycle life. In this Document, both "solid-liquid hybrid battery" and "all-solid-state battery" are collectively referred to "solid-state battery"
"sulfide-halide-oxide" or "SHO"	a class of lithium-containing solid electrolytes that incorporate sulfur, halogen, and oxygen atoms in an anionic moiety, balanced by lithium and phosphate cations to maintain electrical neutrality, which shows not only high ionic conductivity, but also good electrochemical stability and manufacturability
"W and MW"	the unit of power, W = watt, MW = mega watt, 1 MW = 1,000,000 W
"Wh, MWh, GWh"	the unit of electricity quantity, Wh = watt hour, MWh = mega watt hour, GWh = giga watt hour, 1GWh = 1000 MWh = 1,000,000,000 Wh

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.

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

- our operations and business prospects;
- our ability to maintain relationship with, and the actions and developments affecting, our customers and suppliers;
- future developments, trends and conditions in the industries and markets in which we operate or plan to operate;
- general economic, political and business conditions in the markets in which we operate;
- changes to the regulatory environment in the industries and markets in which we operate;
- our ability to maintain our market position;
- the actions and developments of our competitors;
- our ability to effectively contain costs and optimize pricing;
- the ability of third parties to perform in accordance with contractual terms and specifications;
- our ability to retain senior management and key personnel and recruit qualified staff;
- our business strategies and plans to achieve these strategies;
- the effectiveness of our quality control systems;
- change or volatility in interest rates, foreign exchange rates, equity prices, trading volumes, commodity prices and overall market trends; and
- capital market developments.

FORWARD-LOOKING STATEMENTS

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

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

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

An [REDACTED] in our H Shares involves significant risks. You should carefully consider all of the information in this Document, including the risks and uncertainties described below, as well as our financial statements and the related notes, and the "Financial Information" section, before deciding to [REDACTED] in our H Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, financial condition, results of operations and growth prospects. In any such an event, the market price of our H Shares could decline, and you may lose all or part of your [REDACTED]. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations.

These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in the section headed "Forward-Looking Statements" in this Document.

RISKS RELATED TO OUR INDUSTRY AND BUSINESS

The solid-state battery industry is an emerging technology sector and an early-stage market, and uncertainties in its development and commercialization, particularly in the electric vehicle and energy storage segments, could materially affect its growth and stability.

The solid-state battery industry is an emerging technology sector and remains at an early stage of technological development and large-scale commercialization, particularly in the power and energy storage segments. As a result, its growth and stability are subject to significant uncertainties. Industry development depends on overcoming fundamental technical and engineering challenges. Compared with conventional lithium-ion batteries, solid-state batteries rely on new electrolyte systems, material interfaces and manufacturing processes that have not yet been fully validated at scale. Issues such as ionic conductivity, interfacial stability, dendrite suppression, cycle life, safety, reliability and consistency in large-format cells remain under active development. There can be no assurance that these challenges will be resolved within expected timeframes or that current technical routes will prove suitable for mass commercialization. In addition, commercialization timelines, particularly for high-capacity power and long-duration energy storage products, remain uncertain, as the transition from pilot validation to high-yield mass production involves risks such as low initial yields, process instability, equipment constraints and higher-than-expected costs. Delays in achieving cost-effective scale could slow customer adoption and overall market growth.

Industry growth also depends on external market and regulatory conditions. Demand for solid-state batteries is influenced by downstream EV and ESS markets, which in turn are affected by policy support, electricity markets, macroeconomic conditions and customer cost considerations. Slower EV penetration or energy storage deployment, or continued preference for alternative technologies, could limit market uptake. At the same time, the industry is highly competitive and capital-intensive, and established battery manufacturers, automotive OEMs and other participants may have greater financial and technical resources. Competing technologies may achieve comparable performance at lower cost or with faster commercialization. Regulatory and standard-setting frameworks are also evolving, and more stringent requirements could increase compliance costs or delay adoption. In addition, volatility in capital markets and fluctuations in raw material supply and pricing may adversely affect industry development. Given its nascent and rapidly evolving nature, the solid-state battery industry may

experience uneven growth, and if technological progress, regulatory conditions, competitive dynamics, downstream demand or capital availability develop unfavorably, the overall prospects of the industry could be materially and adversely affected.

Our historical results may not be indicative of our future performance, and we may not be successful in expanding our operations or managing our growth.

We have experienced rapid revenue growth, generating RMB248.2 million, RMB405.3 million and RMB943.0 million in 2023, 2024 and 2025, respectively. However, we cannot assure that we will sustain historical growth rates. As a rapidly growing company operating in an evolving industry, we may face operational, financial and managerial challenges, and our forecasts may be less predictable than those of more mature businesses.

Our future performance depends on our ability to manage growth effectively and execute our strategies, including expanding operations, increasing market penetration and developing new products. Growth may place significant demands on our resources and require stable production capacity and reliable product delivery. Expansion efforts may be more costly than expected, and revenue growth may not offset rising expenses. We may incur losses due to execution risks, unforeseen costs or delays. If we fail to achieve operational efficiency and sustainable profitability, our business, [REDACTED] confidence and the market price of our H Shares could be adversely affected.

We have incurred gross losses and net losses during the Track Record Period and may continue to incur gross losses and net losses in the future, and we may not be able to achieve or maintain profitability.

During the Track Record Period, we recorded gross losses of RMB59.0 million, RMB96.3 million and RMB250.3 million in 2023, 2024 and 2025, respectively. These losses were primarily attributable to the early stage of commercialization, significant upfront investments in production capacity, technology and talent, and operating expenses incurred prior to achieving economies of scale. During the Track Record Period, we recorded net losses of RMB853.0 million, RMB999.1 million and RMB1,302.3 million in 2023, 2024 and 2025, respectively. These losses were primarily attributable to we recorded the finance costs on redemption liabilities of RMB570.3 million in 2023, RMB497.7 million in 2024 and RMB533.7 million in 2025, respectively.

Our ability to reduce gross losses and eventually achieve positive gross margins will depend on, among other things, further commercialization of our products, improved capacity utilization, greater economies of scale, effective cost control and continued reductions in unit production costs. At the same time, our ability to reduce net losses and achieve overall profitability will depend not only on improvements in our gross margin and operating leverage, but also on the extent of finance costs and other non-operating items affecting our results. As we continue to expand capacity, broaden our product offerings, invest in research and development, and strengthen our technological capabilities and market presence, our costs and expenses may remain high, and our revenue growth may not be sufficient to offset such costs and expenses in the near term. There can be no assurance that we will be able to reduce our gross losses or net losses, achieve profitability or maintain profitability in the future, and any continued gross losses or net losses may materially and adversely affect our business, financial condition, results of operations and prospects.

We have incurred net operating cash outflows and net current liabilities during the Track Record Period and may continue to experience negative operating cash flows and net current liabilities in the future.

In 2023, 2024 and 2025, our net cash used in operating activities amounted to RMB542.3 million, RMB466.4 million and RMB529.9 million, respectively. Our ability to improve our cash flow position depends on a number of factors beyond our control, including the pace of growth in customer demand, our ability to collect receivables in a timely manner, and the terms on which we procure raw materials and others from suppliers. There can be no assurance that our operating cash flows will turn positive within any anticipated timeframe, or at all.

We recorded net current liabilities of RMB3,552.9 million, RMB5,694.4 million and RMB6,418.4 million as of December 31, 2023, 2024 and 2025, respectively. We expect to achieve a net assets position upon the [REDACTED], as the preferred shares will be reclassified from redemption liabilities to equity as a result of the automatic conversion into ordinary shares. Our total deficit position exposes us to liquidity risk. We may have a total deficit position in the near future, which may limit our working capital for the purpose of operations or capital for our expansion plans and materially and adversely affect our business, results of operations and financial condition.

Our business is exposed to the supply-demand dynamics in the solid-liquid hybrid and all-solid-state battery industry; any adverse development of the supply-demand dynamics may materially and adversely affect the price of our products, our financial condition and results of operations.

Our results of operations have been, and are expected to continue to be, affected by downstream demand from both the EV and ESS markets. Demand from these end markets is influenced by a range of factors, including government policies and regulatory frameworks supporting the development of new energy, electrification and energy storage industries, the pace of EV adoption and energy transition, grid investment, customer cost considerations, and the availability and continuity of government incentives and subsidies across the industry value chain. If demand growth in either the EV market or the ESS market falls short of expectations, or if customers continue to prefer competing technologies or alternative battery solutions, demand for our products may be adversely affected.

In addition to downstream demand, our business is also significantly affected by the supply and pricing of key raw materials used in the production of our products. During the Track Record Period, our cost of raw materials accounted for a substantial portion of our cost of sales. Fluctuations in the prices of raw materials, particularly any sustained increases, may lead to significant increases in our production costs. If we are unable to pass on such cost increases to our customers in a timely manner, our gross profit margin may be adversely affected. In particular, during the Track Record Period, we recorded gross loss which was partly attributable to the relatively high costs of raw materials and other production inputs during the early stage of our commercialization.

There is no assurance that the downstream demand for our products will remain at the same level as we experienced during the Track Record Period which drove our revenue increase, or continue to increase in the future. If future market demand for our products is materially adversely different from forecast, our business growth may also be limited, and our results of operations and financial condition may be materially adversely impacted.

If we are unable to retain existing customers and attract new customers, or if our connected party transactions do not continue on favorable terms, our business, financial conditions and results of operations could be materially and adversely affected.

There is no assurance that we will be able to retain existing customers in each year or attract new customers at levels comparable to the Track Record Period. If our products fail to meet market requirements, our pricing becomes uncompetitive, or other adverse factors arise, our business, financial condition and results of operations may be materially and adversely affected.

Our reliance on these major customers subjects us to the concentration and counterparty risk from these customer. We cannot assure you that we will be able to maintain relationships with our major customers in the future. During the Track Record Period, revenue from our five largest customers in each year amounted to RMB108.3 million, RMB153.7 million and RMB706.2 million, respectively, representing 43.6%, 37.9% and 74.9% of total revenue for the respective years, respectively. Revenue from our largest customer in each year accounted for RMB75.4 million, RMB61.4 million and RMB394.6 million, respectively, representing 30.4%, 15.1% and 41.8% of total revenue for the respective years, respectively. See "Business — Sales, Marketing and Customers — Our Customers." Accordingly, our results are sensitive to changes in the purchasing patterns, financial condition and business strategies of these key customers. If any major customer reduces, delays or terminates orders due to procurement adjustments, supplier diversification, project changes or financial difficulties, and we are unable to offset such reduction through other sales, our business, financial condition, results of operations and prospects could be materially and adversely affected.

We expect that connected party transactions will account for a significant portion of our revenue following the [REDACTED]. See "Connected Transactions" for further details. There can be no assurance that we will be able to maintain or grow the volume of business conducted with our connected parties, that such parties will not adjust their procurement strategies or shift volume away from us, or that the pricing and commercial terms applicable to such transactions will remain favorable to us. Any reduction in, or deterioration of the terms applicable to, our connected party transactions could have a material adverse effect on our business, financial condition, results of operations and prospects.

If we fail to compete effectively with our competitors, our business, results of operations and financial condition may be materially and adversely affected.

The global solid-liquid hybrid battery and all-solid-state battery market is highly competitive and concentrated, and competition is expected to intensify. Established battery manufacturers and emerging developers may seek to expand market share through continued R&D, capacity expansion, process optimization and aggressive marketing, and some competitors may have substantially greater financial and industrial resources. As we expand into new applications, regions and product categories, we will face competition from both solid-state developers and conventional lithium-ion manufacturers pursuing solid- or semi-solid technologies, as well as new entrants. Competitive pressures may adversely affect product pricing, gross margins, customer allocations and our ability to secure nominations, long-term supply agreements and volume orders, even if overall market demand grows.

Competition also depends on the timely development and commercialization of new technologies. Battery development involves complex and lengthy processes, including materials research, cell design, pilot production, validation, customer qualification and mass production. Technical, cost, yield and certification challenges may arise at each stage. Any delay or failure in product development, funding, scale-up or market acceptance could weaken our competitive position, render products less competitive or obsolete, and limit returns on our R&D and capital investments, which could materially and adversely affect our business, financial condition, results of operations and growth prospects.

Our research and development activities involve significant uncertainty, and we may not realize the expected technological, commercial or financial benefits from these efforts, which could adversely affect our competitiveness and profitability.

Technological innovation is critical to our competitiveness, and we invest significantly in R&D. In 2023, 2024 and 2025, our research and development expenses were RMB142.0 million, RMB295.6 million and RMB376.9 million, respectively. See "Financial Information — Description of Key Components of Consolidated Statements of Profit or Loss — Research and Development Expenses." We expect to continue allocating substantial resources to R&D. However, R&D is inherently uncertain, and projects may not be completed on schedule or within budget, or may fail to achieve expected performance, market acceptance or profitability. Failure to keep pace with technological advances and industry trends could weaken our competitive position. In addition, competitors may develop similar or superior products at lower cost. Given uncertainties in development cycles and market windows, we may need to discontinue products that become commercially unviable after significant investment. If our R&D efforts do not generate anticipated returns, our business, financial condition, results of operations and prospects may be materially and adversely affected.

We may fail to keep up with rapid technological changes and evolving industry standards, the effects of which cannot be accurately predicted nor fully mitigated, which could render our products in production or under research and development and our production facilities uncompetitive or obsolete, and the demand for our products may decrease as a result.

The markets in which we operate are subject to rapid technological change and evolving standards. New technologies and product introductions may render our products under production or development less competitive or obsolete. The technological pathway for all-solid-state batteries has not been fully validated, and the relevant technologies are subject to material uncertainties in terms of material systems, manufacturing processes, product consistency, large-scale production and commercial application. If we fail to achieve the relevant technological breakthroughs, or if the research and development and industrialization progress of such technologies falls short of expectations, our business, financial condition, results of operations and prospects may be materially and adversely affected. In addition, numerous companies and research institutions are developing energy storage technologies that may compete with our solid-state battery products. If competitors commercialize technologies with superior performance, safety, cost efficiency or scalability and we fail to respond in a timely manner, our technological advantages and market position could be eroded. Although we focus our R&D on advancing solid-state battery materials and structures, we cannot assure that our technology roadmap will remain aligned with future trends or market demand. Alternative battery or energy storage technologies may achieve broader adoption due to superior or lower-cost performance, which could reduce demand for our products and materially and adversely affect our business, financial condition, results of operations and growth prospects.

We may not be able to increase our production capacity as planned, and even if our production expansion projects proceed as planned, we may not be able to increase our production capacity in a timely manner or at all as envisaged.

We plan to expand our production capacity to meet expected customer demand. Such expansion will require substantial management attention and financial resources, increase overhead and operational complexity, and subject us to budgeting, financing and process control risks. It also requires various governmental approvals, permits and inspections, and we cannot assure timely completion or implementation of our expansion plans. Any delay or failure in obtaining required approvals or completing inspections may materially delay or cancel our expansion and adversely affect our business, financial condition and results of operations.

Our capacity expansion plans are premised on assumptions regarding future customer demand that may not materialize. During the Track Record Period, our capacity utilization rates were relatively modest, reflecting the early-stage commercialization of our products and the time required for customers to complete qualification and validation processes. There can be no assurance that demand will grow at the pace we anticipate, or that new capacity, once commissioned, will be utilized at levels sufficient to achieve our targeted production economics. Underutilized production bases could result in elevated fixed cost absorption and impairment of capital expenditure already incurred. Even if capacity is expanded as planned, we may be unable to increase production volume in a timely manner or achieve expected cost reductions due to supplier or equipment delays, cost overruns, regulatory approvals, production line configuration challenges, equipment performance issues or diversion of management resources. Our manufacturing and testing processes are complex, and changes or new product introductions may result in production errors, temporary suspensions or delays. The manufacturing processes for our battery products involve demanding materials and process controls, and our ability to scale these processes without compromising product quality or yield rates remains subject to meaningful execution risk. Failure to maintain effective quality control could lead to product failures, customer loss, higher costs or warranty exposure.

If we cannot scale production as expected, we may be unable to fulfill customer orders or achieve anticipated growth, which could harm our reputation and materially and adversely affect our business, financial condition and results of operations.

We may face failure or delays in the design, manufacture and launch of our new products.

The development and launch of new products involve complex efforts and there may be uncertainties at various stages before a product is launched, which may be attributable to factors beyond our control. Any delay in the design, production and eventually the launch of our new products could materially damage our brand, business, prospects, financial condition and results of operations. To the extent that we delay the launch of our new products, our growth prospects could be adversely affected as we may fail to grow our market share, keep up with competing products or satisfy customers' demands or needs. 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, results of operations and financial condition.

We rely on demand from our customer and third-party suppliers for key raw materials and components, and any disruption in supply or significant increases in raw material prices may materially and adversely affect our business.

Demand for our products is driven by our customers' end markets and projects. Our customers typically procure our products for use in electric vehicles, energy storage systems and related applications. Accordingly, demand for our products depends on the development of downstream end markets, including the pace of deployment of energy storage projects and investments in related infrastructure.

Any slowdown in downstream markets, project delay, reduced capital expenditure, or lower system utilization by our customers may reduce their procurement of our products. In addition, demand from our customers may fluctuate due to various factors beyond our control, including changes in government policies and regulatory frameworks supporting the development of new energy and energy storage industries, adjustments to subsidies or incentives, changes in electricity demand, or broader macroeconomic conditions. If our customers reduce or delay their procurement of our products for any

reason, our production capacity may become underutilized, and our revenue and operating efficiency may be adversely affected. As a result, our business, financial condition and results of operations may be materially and adversely affected.

We rely on third-party suppliers for key raw materials and components, primarily cathode materials, anode materials, separators and electrolytes, which are essential to the production of our products. We cannot assure that such raw materials will be available in sufficient quantities, in a timely manner, or at commercially reasonable prices. The prices and supply of these raw materials may fluctuate significantly due to factors beyond our control, including changes in market supply and demand, resource availability, geopolitical developments, logistics disruptions, and changes in environmental or regulatory requirements affecting upstream industries. If our suppliers fail to meet our quality, quantity or delivery requirements, we may need to source alternative suppliers, internalize certain production processes or redesign our products. Any such adjustments may increase our procurement or production costs, disrupt our manufacturing schedules, or delay product deliveries. In addition, significant increases in raw material prices may increase our cost of sales. If we are unable to pass on such cost increases to our customers in a timely manner, our gross profit margin and profitability may be adversely affected. As a result, our manufacturing operations, delivery capability, and customer relationships may be negatively impacted, which could expose us to potential liabilities, reputational harm and other operational risks, and materially and adversely affect our business, financial condition and results of operations.

Potential unsatisfactory performance of or defects in our products may cause us to incur significant additional expenses and costs, result in product recalls, tarnish our reputation, expose us to product liability claims and cause our sales and market share to decline.

Our products are subject to quality and performance requirements, and any failure to meet such requirements could expose us to significant risks. Our sales arrangements generally provide for customer inspection upon delivery, and we offer warranties for our products based on specified charge cycles or periods of use, under which we are obligated, subject to applicable terms and conditions, to repair, maintain or replace products that are found to have quality issues. As a result, if we experience an increase in product returns, warranty claims or other quality-related issues, we may incur substantial costs for repair, replacement and related services.

If we experience a significant increase in product return incidents and/or warranty claims, we may incur significant repair and replacement costs associated with such claims. In addition, our failure to maintain the consistency and quality throughout our production process could result in substandard quality or performance of our products. If we deliver our products with defects, or if there is a perception that our products are of substandard quality, we may incur substantially increased costs associated with returns or replacements of our products, our credibility and market reputation could be harmed, and our sales and market share may be materially adversely affected. This could have a material adverse effect on our business, financial condition and results of operations.

Designing, manufacturing and selling safe and reliable products is critical to our business. Defective products may expose us to product liability claims, recalls or redesign efforts, which can be costly and time-consuming. A successful claim could result in substantial damages, and even unsuccessful claims may involve significant defense costs and adverse publicity, harming the marketability of our products and our reputation. We cannot assure that product liability claims will not arise in the future. In addition, we may not be fully indemnified for liabilities arising from defective components supplied by third parties or faulty assembly by integrators.

Our ability to mitigate such risks depends in part on the availability and adequacy of insurance and other risk management arrangements. There can be no assurance that coverage will be maintained on commercially reasonable terms or be sufficient to cover all potential claims or recalls. To the extent liabilities exceed available protection, we may be required to bear such costs, which could materially and adversely affect our business, financial condition and results of operations.

We may be exposed to risks related to litigation and administrative proceedings that could materially and adversely affect our business, financial condition, and results of operations.

We may be subject to claims and various legal and administrative proceedings, and, as a result, penalties and new claims may arise in the future. In addition, agreements we entered into sometimes include indemnification provisions which may subject us to costs and damages in the event of a claim against an indemnified third party. Regardless of the merit of particular claims, legal and administrative proceedings, such as litigations, injunctions and governmental investigations, may be expensive, time-consuming or disruptive to our operations and distracting to management. In recognition of these considerations, we may enter into new or further licensing agreements or other arrangements to settle litigation and resolve such disputes. No assurance can be given that such agreements can be obtained on acceptable terms or that litigation will not occur. These agreements may also significantly increase our operating expenses.

Legal or administrative proceedings and claims may arise in the future and the current legal or administrative proceedings and claims we face are subject to inherent uncertainties. If one or more legal or administrative matters were resolved against us or an indemnified third party for amounts in excess of our management's expectations or certain injunctions are granted to prevent us from using certain technologies in our solutions, our business and financial conditions could be materially and adversely affected. Further, such an outcome could result in significant compensatory or punitive monetary damages, disgorgement of revenue or profits, remedial corporate measures, injunctive relief or specific performance against us that could materially and adversely affect our financial condition and operating results. For details regarding our legal proceedings and compliance matters, see "Business — Compliance and Legal Proceedings."

The success of our business depends on our ability to attract and retain senior management, highly skilled employees and key personnel.

Our success depends on our highly skilled employees, particularly our R&D team, senior management and other key personnel. If we are unable to retain or replace them in a timely manner, our business and results of operations could be materially and adversely affected. Intense competition for talent may require us to offer higher compensation, and our ability to recruit, train and integrate new employees may not keep pace with our growth. Departing personnel may disclose commercially sensitive information, join competitors or form competing businesses, potentially weakening our technological advantages and customer relationships. In addition, we cannot assure you that agreements with key personnel would be enforceable in relevant jurisdictions.

Our patent applications may not be issued as patents, which may have a material adverse effect on our ability to prevent others from commercially exploiting solutions similar to ours.

We cannot be certain that we are the first inventor of the subject matter for which we have filed a particular patent application, or if we are the first party to file such a patent application. If another party has filed a patent application covering the same subject matter as we have developed, and such application has priority against our patent application, we may not be entitled to the protection sought by our patent application, including preventing third parties from commercializing the same or similar technologies. Further, the scope of protection of patent claims may be limited or narrowed if the

examining authority determines there is cause to do so, such as if claims included in the patent application cover subject matter that is ineligible for patent protection or is obvious, or are deemed to lack sufficient detail to enable practicing the invention or in the event of the existence of prior art. As a result, we cannot be certain that the patent applications that we file will result in issued patents, or that our issued patents will be broad enough to protect our technology or otherwise afford protection against competitors with similar technology. In addition, the issuance of a patent is not conclusive as to its inventorship, scope, validity or enforceability. Our competitors may challenge or seek to invalidate our issued patents, or design around our issued patents, which may adversely affect our business, prospects, financial condition or operating results. Also, the costs associated with enforcing patents, confidentiality and invention agreements, or other intellectual property rights may make aggressive enforcement impracticable.

Changes in patent law could diminish the value of patents in general, thereby impairing our ability to protect our solutions.

The scope of patent protection in various jurisdictions is uncertain. Changes in either the patent laws or their interpretation in China or other countries may diminish our ability to protect our inventions, obtain, maintain, defend, and enforce our intellectual property rights and, more generally, could affect the value of our intellectual property or narrow the scope of our patent rights. We cannot predict whether the patent applications we are currently pursuing and may pursue in the future will issue as patents in any particular jurisdiction or whether the claims of any future granted patents will provide sufficient protection from competitors. The coverage claimed in a patent application can be significantly reduced before the patent is issued, and its scope can be reinterpreted after issuance.

Even if patent applications that we own currently or in the future issue as patents, they may not issue in a form that will provide us with any meaningful protection, prevent competitors or other third parties from competing with us, or otherwise provide us with any competitive advantage. As a result, the issuance, scope, validity, enforceability and commercial value of our patent rights are highly uncertain.

We may be subject to intellectual property infringement claims or other allegations, which could expose us to substantial liability for intellectual property infringement and other losses.

We cannot be certain that our operations or any aspects of our business do not or will not infringe upon or otherwise violate patents, trademarks, copyrights or other intellectual property rights held by third parties. We may from time to time be subject to proceedings and claims relating to intellectual property rights in the future. We cannot assure you that holders of patents and other intellectual properties purportedly relating to some aspect of our technology infrastructure or business, if any such holders exist, would not seek to enforce such patents and other intellectual properties against us in China or any other jurisdictions. If we are found to have violated the intellectual property rights of others, we may be subject to liability for our infringement activities or may be prohibited from using such intellectual property, and we may incur licensing fees or be forced to develop alternatives of our own. Defending against such infringement or licensing allegations and claims is relatively costly and time consuming and may divert management's time and other resources from our business and operations. If a judgment, a fine or a settlement involving a payment of a material sum of money were to occur, or injunctive relief were issued against us, it may result in significant monetary liabilities and may materially disrupt our business and operations by restricting or prohibiting our use of the intellectual property in question, and our business, financial position and results of operations could be materially and adversely affected.

We may be subject to risks associated with international trade policies, geopolitics tensions and trade protection measures, including imposition of trade restrictions, export control, and sanctions, and our reputation, business, results of operations and financial condition could be adversely affected.

We are exposed to risks arising from international trade policies, geopolitical tensions and trade protection measures, including tariffs, export controls, and sanctions. Our operations are increasingly affected by deteriorating relations between major economies. As a China-based enterprise engaged in the research, development, manufacturing and commercialization of solid-state lithium batteries, including EV batteries and ESS batteries, as well as related specialty materials, manufacturing equipment and other supporting industries, our business may be affected by worsening relations among major economies, particularly between China and the United States, and by regulatory actions targeting strategic and advanced manufacturing sectors.

For example, the Office of the United States Trade Representative has determined to increase tariffs on certain Chinese-origin battery-related products, including lithium-ion batteries, certain battery parts and natural graphite, and trade measures in this area continue to be subject to further review and proceedings. To the extent we pursue international expansion, our products, components or supply chain inputs could be directly or indirectly affected by such measures, and our costs, competitiveness, delivery schedules and business relationships could be adversely affected. The U.S. government has also imposed economic sanctions and regulatory measures affecting China-based technology companies and may introduce additional export controls or other restrictions. These rules are subject to frequent change and uncertain interpretation, particularly where national security considerations are involved.

In recent years, the United States has increased export controls restrictions on China through the Export Administration Regulations (the "**EAR**"), administered by the Bureau of Industry and Security of the U.S. Department of Commerce. The EAR includes a list of foreign persons on which certain trade restrictions are imposed, including businesses, research institutions, government and private organizations, individuals and other types of legal persons (the "**Entity List**"). Where a foreign person is included on the Entity List, the export, re-export and/or transfer (in-country) of items which are controlled under the EAR generally is prohibited unless the specified license requirements are met. If certain of our customers and suppliers are listed on the Entity List and subject to restrictions on sourcing or selling technologies, software, or solutions from/to us, there is no guarantee that we will be able to obtain as well as extend and maintain the requisite regulatory permits in relation to our transactions with these customers and suppliers, or that such permits will cover all our existing and potential transactions with such customers and suppliers. As such, our business relationships with such customers and suppliers may be affected.

If we, or our directors, officers, employees, agents, customers, suppliers or other business partners, are found to have violated applicable trade, export control or sanctions laws, or if regulators determine that our products, technology, transactions or counterparties are subject to heightened restrictions, we could become subject to investigations, administrative actions, penalties, supply disruptions, contractual disputes, reputational harm and other adverse consequences. Any of the foregoing could materially and adversely affect our reputation, business, financial condition, results of operations and prospects.

We cannot be certain what additional export control actions the U.S. government may take that could impact our products, suppliers or customers. The U.S. government could further expand the scope of items subject to the EAR in a manner that captures our solutions. Additional actions could also take the form of additional designations on the Entity List, which could make our solutions subject to the EAR for certain transactions if involving those parties. Furthermore, other countries may continue to adopt similar export controls that could impact our products and operations. The aforementioned restrictions, and similar or more expansive restrictions or sanctions, including sanctions currently imposed or may be imposed in the future by the U.S. Department of Treasury's Office of Foreign Assets Control or other relevant authorities in other jurisdictions, may materially and adversely affect our customers' and suppliers' ability to acquire or use technologies, systems, software, devices or components that may be critical to their products, service offerings and business operations, which in turn may adversely affect our business, results of operations and financial condition.

U.S. persons purchasing our Shares in the [REDACTED] may be required to file notifications with the Treasury under the U.S. government's new China-focused Outbound Investment Program, and we could be negatively impacted by possible changes to this program; these requirements and possible changes to the program may adversely affect our business, financial condition, results of operations, and the value of our Shares.

On August 9, 2023, Executive Order 14105 (Addressing United States Investments in Certain National Security Technologies and Products in Countries of Concern) was issued and the U.S. Department of the Treasury ("**Treasury**") published an advanced notice of proposed rulemaking (the "**ANPRM**") providing a conceptual framework for outbound investment controls focused on China, including the Special Administrative Regions ("**SAR**") of Hong Kong and Macau. On June 21, 2024, Treasury issued a proposed rule for such outbound investment controls. On October 28, 2024, Treasury issued a final rule (the "**Final Rule**"; and such program as in effect on the date hereof pursuant to the Final Rule, the "**OIP**") setting forth the OIP regulations that implement the executive order of August 9, 2023. The Final Rule took effect on January 2, 2025.

Under the Final Rule, a Covered Transaction (as defined in the Final Rule) may be a Prohibited Transaction which is outright prohibited or a Notifiable Transaction that is subject to notification requirements. In addition, certain transactions that would have been considered prohibited or notifiable transactions may be exempted from the prohibition or notification requirements and may be considered an Excepted Transaction under the Final Rule if certain conditions are met.

We do not believe we are a Covered Foreign Person under the Final Rule, because we do not currently engage in a Covered Activity or otherwise meet the definition of a Covered Foreign Person. However, there is no assurance that the U.S. Department of the Treasury will take the same view as ours. As our business continues to evolve, we may, in the future, be deemed a Covered Foreign Person engaged in activities described in the definition of Notifiable Transaction under the OIP. Certain U.S. person transactions with Covered Foreign Persons that meet the criteria described in the "Notifiable Transaction" definition under the OIP are covered by the OIP's U.S. person notification requirements unless an exception is available. U.S. persons' or their non-U.S. person subsidiaries' purchase of certain publicly traded securities may be eligible for the Publicly Traded Securities Exception (provided such U.S. persons or their non-U.S. person subsidiaries are not afforded rights beyond standard minority shareholder protections with respect to the Company), it appears unlikely that U.S. persons' or their non-U.S. person subsidiaries' purchase of our Shares to be issued in the [REDACTED] would be eligible for the Publicly Traded Securities Exception. If the Publicly Traded Securities Exception is unavailable for U.S. persons that either purchase our Shares in the [REDACTED] or are the parent of a non-U.S. person that purchases our Shares in the [REDACTED], such U.S. persons may be required to file a notification regarding such purchases with Treasury no later than 30 days after the relevant

purchase. It would be U.S. persons, but not their non-U.S. persons subsidiaries, whose reliance would be at issue because the OIP applies to the actions of U.S. persons. [REDACTED], including those that are U.S. persons or are subsidiaries of U.S. persons, should consult their legal counsel regarding the applicability of the Publicly Traded Securities Exception to the [REDACTED], notification obligations, if any, applicable to them under the OIP, and the procedures for filing such notifications.

Failing to comply with the OIP notification requirements or failing to provide accurate and complete information in a filing under the OIP may subject the relevant U.S. persons to civil penalties including fines of up to the greater of two times the transaction value or US$377,700 (as such amount may be adjusted for inflation), and — for willful violations — criminal penalties of fines of up to US$1 million and imprisonment of up to 20 years. No publicly available precedent exists for application of the OIP regulations by Treasury or any court or other regulatory, judicial or other legal authority to specific transactions. In addition, the OIP may be changed by executive actions of the U.S. government, including changes to the scope of activities and technologies applicable to notifiable or prohibited transactions or the scope and availability of exceptions to the OIP's prohibitions or notification requirements. Specifically, on January 20, 2025, the U.S. government issued a national security presidential memorandum, entitled "America First Trade Policy," which, among other things, directs the Secretary of the Treasury and several other executive departments and offices of the U.S. government to review the OIP to determine if it includes "sufficient controls to address national security threats" and to determine whether the executive order implementing the OIP "should be modified or rescinded and replaced." In addition, on February 21, 2025, the U.S. government issued a national security presidential memorandum entitled "America First Investment Policy" which, among other things, states that the U.S. government will consider possible application of the OIP to a wider range of technology sectors, including biotechnology, hypersonics, aerospace, advanced manufacturing, directed energy, and other areas "implicated by the PRC's national Military-Civil Fusion strategy" and application of restrictions to a wider range of investments, including publicly traded securities.

On April 3, 2025, the Trump Administration stated that it plans to evaluate whether the scope of outbound investment restrictions should be expanded "to be responsive to developments in technology and the strategies of countries of concern." Additionally, The Comprehensive Outbound Investment National Security Act of 2025 (COINS Act), included in the Fiscal Year 2026 National Defense Authorization Act signed on December 18, 2025, broadened the scope of the OIP and authorized Treasury to promulgate implementing regulations within 450 days. As such, additional possible changes to the OIP could limit or, in the worst-case scenario, eliminate our ability to raise capital or contingent equity capital (such as convertible bonds) from U.S. [REDACTED] in the future, or our ability to raise such capital may be significantly and negatively affected, which could be detrimental to our capital-raising capacity and our business, financial condition and prospects. In addition, changes to the Publicly Traded Securities Exception or other aspects of the OIP could prohibit the purchase or trading of our Shares by U.S. persons, impose new notification or other regulatory requirements, or make our Shares less attractive to such [REDACTED]. In such cases, the value of our Shares may significantly decline, or in extreme cases, become worthless, and our liquidity may be materially and adversely affected.

Our manufacturing operations are subject to liabilities, delays and disruption in operations in connection with accidents that occur during the manufacturing process at our production facilities and natural disasters, extreme weather conditions, health epidemics and other catastrophic events.

Our manufacturing operations involve heavy equipment and the use of certain regulated materials and production inputs. Despite internal safety policies and training, we cannot assure full compliance or prevention of workplace accidents. Any significant incident could disrupt production, damage facilities, harm employee morale and reputation, and expose us to injury claims, property damage, fines, compensation and remediation costs. Our insurance coverage may not fully cover such losses.

In addition, our facilities and operations may be affected by events beyond our control, including natural disasters, extreme weather, war, epidemics or other catastrophic events. Such events may cause production interruptions, system failures or data loss, and materially and adversely affect our business, financial condition and results of operations.

Our products and solutions rely on complex software and hardware. Any undetected errors, vulnerabilities, or failure to mitigate cybersecurity risks could adversely affect our business.

Our products and solutions are complex and require ongoing upgrades. Such hardware and software may contain undetected defects, errors, or vulnerabilities. These issues may only be discovered after use, and our attempts to remedy them may be delayed or fail to satisfy customers. Furthermore, our systems face cybersecurity risks, including unauthorized access, data misappropriation, or service interruptions. Our measures may not detect or prevent all threats, such as malicious software or phishing attacks. Any failure to prevent or effectively remedy these defects or security breaches could result in reputational damage, loss of customers and revenue, or legal liabilities, which may adversely affect our business and results of operations.

We rely on third parties for utilities, services and components.

We depend on third-party providers for utilities, warehousing, logistics and other services. If they fail to provide timely, compliant or satisfactory services, materially increase prices or terminate their relationships with us, we may incur higher costs, operational disruption and reputational harm. As we do not control these providers, their non-compliance with applicable laws or failure to meet our or our customers' requirements could adversely affect our reputation and materially and adversely affect our business, financial condition and results of operations.

In addition, quality defects or delivery delays may not be identified until after shipment and installation, and we may have limited recourse against suppliers for resulting warranty claims. Any failure of such components to meet our specifications or delivery schedules could harm our business, reputation and results of operations.

Our insurance coverage may not be sufficient to cover losses and liabilities arising from various operational risks and hazards.

Our operations involve hazardous materials and may result in fires, explosions, spills or other accidents causing injury, property or environmental damage and business interruption. Our insurance coverage is limited and may not cover all losses or liabilities arising from such incidents, including product liability claims. To the extent losses exceed coverage or fall outside policy scope, we may bear substantial costs, which could materially and adversely affect our business, financial condition and results of operations.

We are also exposed to product liability risks if the use of our products results in injury, and we may lack sufficient resources to satisfy significant judgments. In addition, our production bases may be disrupted by operating hazards, power failures, equipment breakdowns or natural disasters, and any significant interruption could materially and adversely affect our results of operations.

If we fail to maintain optimal inventory levels and manage our inventory effectively, our inventory holding costs could increase and cause us to lose sales.

To meet production needs and delivery schedules, we maintain inventory based on expected orders, demand forecasts and raw material price trends. As of December 31, 2023, 2024 and 2025, we had inventories of RMB270.5 million, RMB361.6 million and RMB570.5 million, respectively, and we recorded provision for impairment of RMB78.0 million, RMB152.9 million and RMB258.3 million as of the same dates.

Demand forecasts are inherently uncertain, and fluctuations between order placement and delivery may result in excess or obsolete inventory, or shortages. Inaccurate inventory planning could lead to write-downs, production delays and reputational harm, which may materially and adversely affect our business and results of operations.

We may fail to recover our trade receivables in a timely manner, which may affect our financial condition and results of operations.

As of December 31, 2023, 2024 and 2025, our trade receivables, net of impairment allowance, amounted to RMB226.0 million, RMB323.2 million and RMB407.6 million, respectively, with turnover days of 378, 247 and 141 days. We recorded allowance for credit losses of RMB120.5 million, RMB140.5 million and RMB173.8 million as of the same dates. See "Financial Information — Discussion of Selected Items from the Consolidated Statements of Financial Positions — Trade and Bill Receivables."

We cannot assure that we will maintain trade receivables turnover at reasonable levels. If our customers' creditworthiness, business operations or financial condition deteriorate, or if customers delay or fail to settle amounts due, we may incur additional impairment losses and experience liquidity pressure. Any material delay or default in payment could adversely affect our financial condition and results of operations.

We may not be able to timely fulfill our obligations in respect of contract liabilities to our customers or at all.

Our contract liabilities comprise advances received from our customers to deliver products. As of December 31, 2023, 2024 and 2025, we had contract liabilities of RMB66.9 million, RMB69.9 million and RMB46.6 million, respectively. See "Financial Information — Discussion of Selected Items from the Consolidated Statements of Financial Positions — Contract Liabilities." Our recognition of contract liabilities as revenue is subject to future performance of contract obligations and may not be representative of revenue for future periods. The continued operation of our production facilities may be substantially interrupted and materially and adversely affected due to a number of factors, many of which may be beyond our control. As a result of disruption to any of our production facility or any problems in manufacturing our products, we may fail to fulfill our contract obligations or meet market demand for our products, and our results of operations, liquidity and financial position could be adversely affected.

To the extent we grant share-based awards, it may further increase our share-based payments expenses, adversely affect our financial performance, and dilute existing Shareholders' stake.

In recognition of the contributions of our employees and to incentivize them to further promote our development, we have granted share-based awards to our employees. In 2023, 2024 and 2025, we incurred share-based payments of RMB5.2 million, RMB5.4 million and nil, respectively. To further incentivize our Directors, senior management, key technicians and key employees, we may grant

additional share-based awards in the future which may dilute the shareholding percentage of our existing Shareholders. Share-based payments in relation to the granting of share-based awards may also increase our expenses and therefore have a material and adverse effect on our financial performance.

The reduction, modification, delay or elimination of government subsidies, and other economic incentives may materially and adversely affect our business and financial results.

We recorded other income from government grants of RMB30.8 million, RMB34.1 million and RMB142.9 million in 2023, 2024 and 2025, respectively. See "Financial Information — Description of Key Components of Consolidated Statements of Profit or Loss — Other Income." Our business benefits from government policies and incentive programs that support the development of the new energy and energy storage industries. However, such programs are subject to change and may be reduced, modified or discontinued at any time due to budgetary constraints, shifts in policy priorities or other economic or political considerations. We cannot assure you that we will continue to receive government grants in the future or that any grants we may receive will be at levels comparable to those received during the Track Record Period. Any reduction in, delay in, or elimination of government grants could adversely affect our results of operations and financial condition.

Our operations are subject to and may be affected by changes in tax laws and regulations in jurisdictions in which we operate.

Our operations are subject to applicable tax laws and regulations, including potential changes in tax rules, policies, or enforcement practices, as well as the imposition of additional taxes, surcharges or penalties. Evolving tax regimes may affect our effective tax rate, transfer pricing arrangements or expose us to additional liabilities. We cannot assure that our interpretations or practices will not be challenged by tax authorities, which could result in additional taxes, interest or penalties.

Tax authorities may scrutinize our related-party transactions and challenge the pricing or commercial rationale of such transactions. Any adverse determination may result in additional tax liabilities, surcharges, fines or other penalties, which could materially and adversely affect our financial condition, results of operations and prospects.

If we are unable to fully recover our contract assets, our liquidity and financial position may be adversely affected.

During the Track Record Period, we recorded contract assets from the sales of products, the receipt of the consideration of which is conditional. Contract assets will be transferred to receivables upon the expiration of warranty period when we have unconditional right to receive consideration from the customers. As of December 31, 2023, 2024 and 2025, we had contract assets of RMB5.0 million, RMB9.1 million and RMB55.8 million, respectively. We cannot assure you that the financial position of our customers will remain solvent or that we will be able to recover our contract assets in full or at all in the future. If we are unable to recover our contract assets, our liquidity and financial position may be materially and adversely affected, in particular as we have already incurred costs and expenses when conducting preliminary research and development for products and producing such products.

Dependence on bank financing exposes us to short-term funding risks.

Our operations require substantial working capital. In addition to internally generated cash flow, we may use bank borrowings, letters of credit and bills payable to fund manufacturing and other operating needs. Changes in government policies relating to the solid-liquid hybrid battery and all-solid-state industry may affect commercial banks' lending practices. If banks tighten credit conditions, reduce exposure to the industry, or decline to renew or extend our existing facilities, we may be unable to

refinance short-term borrowings or obtain additional funding on acceptable terms, or at all. Any limitation on our access to bank financing could constrain our liquidity and materially and adversely affect our operations.

RISKS RELATED TO DOING BUSINESS IN THE JURISDICTIONS WHERE WE OPERATE

Changes in economic, political or social conditions could have a material adverse effect on our business and results of operations.

Our results of operations, financial condition and prospects are substantially affected by economic, political, and social conditions. In addition, factors such as consumer, corporate and government spending, business investment, volatility of the capital markets and inflation all affect the business and economic environment, the growth of the new energy industry and ultimately, the profitability of our business. Our labor and other costs may also increase due to pressure from inflation. Any future calamities, such as natural disasters, outbreak of contagious diseases or social unrest, may cause a decrease in the level of economic activities and adversely affect the economic growth in the world.

If we fail to obtain and maintain the requisite licenses, permits, registrations and filings applicable to our business according to evolving legal requirements, our business, results of operations, financial condition and prospects may be adversely affected.

Under PRC laws and regulations, we are required to obtain and maintain various licenses, approvals, registrations and filings for our operations. As we expand and adjust our business activities, we may become subject to additional regulatory requirements. If we fail to obtain, renew or maintain such approvals in a timely manner, we may face administrative penalties, operational disruption or restrictions on business expansion. In addition, evolving laws and regulatory interpretations may render our existing licenses or filings insufficient, potentially subjecting us to fines or other regulatory actions. Any of the foregoing could materially and adversely affect our business, results of operations, financial condition and prospects.

Regulatory requirements regarding data protection and information security are constantly evolving, the changes of which or any data protection and information security incidents may have a material and adverse effect on our business and results of operations.

We are subject to data protection and cybersecurity laws in the jurisdictions in which we operate, governing the collection, storage, use, processing, transmission and transfer of personal information and other data. Any improper handling of data or security incident, including unauthorized access by third parties, could result in reputational harm, regulatory investigations, civil claims and significant legal, financial or operational consequences. However, regulatory requirements and their interpretation continue to evolve. If we fail, or are alleged to have failed, to comply with applicable data protection laws or to address privacy concerns, we may be subject to penalties, litigation or business disruption, which could materially and adversely affect our reputation, results of operations and business prospects.

Holders of our H Shares may be subject to PRC income tax obligations.

Under current PRC tax laws, non-PRC resident individuals and enterprises are subject to PRC tax on dividends paid by us and potentially on gains from the sale or other disposition of H Shares.

Non-PRC resident individual holders whose names appear on the [REDACTED] are generally subject to PRC individual income tax on dividends at rates ranging from 5% to 20%, depending on applicable tax treaties or arrangements, with a default withholding rate of 20% where no treaty applies. Under PRC individual income tax laws, gains from the transfer of H Shares are subject to a 20% tax. Although a 1998 circular provides an exemption for gains from transfers of listed shares, and no such

tax has been levied in practice on transfers of overseas-listed shares of PRC resident enterprises as of the Latest Practicable Date, there is no explicit exemption for such transfers. If such tax is imposed in the future, the value of H Shares may be adversely affected.

Non-PRC resident enterprises without establishments in China, or whose income is not effectively connected with such establishments, are generally subject to a 10% enterprise income tax on PRC-sourced income, including dividends and potentially gains from H Shares, subject to reduction under applicable treaties. We intend to withhold 10% on dividends to non-PRC resident enterprise holders (including [REDACTED]), with treaty benefits available upon application and approval by PRC tax authorities. The interpretation and enforcement of the EIT Law remain subject to PRC tax authorities, and any future imposition of tax on capital gains could materially and adversely affect the value of H Shares.

It may be complex to effect service of process upon us or our Directors or executive officers who reside in the PRC or to enforce against them in the PRC any judgments obtained from non-Chinese courts.

Most of our Directors and executive officers reside in the PRC, and substantially all of our and their assets are located there. Due to differences in legal systems, it may be difficult for [REDACTED] to effect service of process on us or such persons outside the PRC or to enforce judgments obtained in non-Chinese courts against us or them in the PRC.

The recognition and enforcement of foreign judgments in the PRC are subject to statutory conditions, including the existence of reciprocal arrangements. The PRC does not have treaties providing for reciprocal recognition and enforcement of court judgments with many countries. In addition, Hong Kong does not have a reciprocal enforcement arrangement with the United States. Accordingly, judgments obtained in U.S. or certain other courts may not be recognized or enforceable in the PRC or Hong Kong.

In January 2019, the PRC Supreme People's Court and the Government of the Hong Kong Special Administrative Region entered into the Mainland Judgments in Civil and Commercial Matters (Reciprocal Enforcement) Ordinance on reciprocal recognition and enforcement of civil and commercial judgments. While parties may apply for recognition and enforcement under this arrangement, such applications remain subject to review and satisfaction of prescribed conditions by the relevant courts, and there is no assurance that enforcement will be granted.

We, our Directors, management, employees and Shareholders and their affiliates may be subject to lawsuits, contract disputes, employment-related controversies, and other legal and administrative proceedings or fines, which could have a material adverse effect on our business, results of operations, financial condition and reputation.

As of the Latest Practicable Date, we are not a party to any material legal or administrative proceedings. However, we may in the future be subject to or involved in lawsuits, contract disputes, employment-related controversies, and other legal and administrative proceedings or fines relating to our business operations. Lawsuits and other administrative or legal proceedings that may arise during our operations can involve substantial costs, including the costs associated with investigation, litigation and possible settlement, judgment, penalty or fine. Lawsuits and other legal and administrative proceedings may be costly and time consuming and may require a commitment of management and personnel resources that will be diverted from our normal business operations. There may also be negative publicity associated with litigation that could decrease consumer acceptance of our solutions, regardless of whether the allegations are valid or whether we are ultimately found liable. If any of these happens, our business, financial condition, results of operations or liquidity could be materially and adversely

affected. In addition, our Directors, management, shareholders and employees and their affiliates may from time to time be subject to litigation, regulatory investigations, proceedings and/or negative publicity or otherwise face potential liability and expense in relation to commercial, labor, employment, securities or other matters, which could adversely affect our reputation and results of operations.

We face inherent risks related to patent disputes and litigation in our business. Such disputes can divert management's focus, incur substantial legal costs, and damage our reputation. Unfavorable outcomes could result in financial liabilities, operational disruptions, or restrictions on the use of certain technologies, adversely affecting our business, financial condition, and operational results.

These proceedings may result in fines or other liabilities and could have a material adverse effect on our reputation, business, financial conditions and results of operations. If any of our subsidiaries, employees or other persons engage in fraudulent, corrupt or other unfair business practices or otherwise violate applicable laws, regulations or internal controls, we could become subject to one or more enforcement actions or otherwise be found to be in violation of such laws, which may result in penalties, fines and sanctions and in turn adversely affect our reputation, business, financial condition and results of operations. Given the uncertainty, complexity and scope of many of these litigation matters, their outcome generally cannot be predicted with a reasonable degree of certainty. Therefore, our provision for such matters may be inadequate. Moreover, even if we eventually prevail in these matters, we could incur significant legal fees or suffer significant reputational harm, which could have a material and adverse effect on our prospects and future growth, including our ability to attract new business partners and customers, expand our relationships with governmental regulators and industry groups and recruit and retain employees and agents.

We face certain risks in relation to our leases and leased properties.

As of the Latest Practicable Date, we leased four operating properties for our offices, and research and development, totally accounting for approximately 133,269 sq.m. As of the same date, all of our lease agreements for operating properties have not been registered and filed with the relevant real estate administration bureaus in the PRC. Although failure to do so does not in itself invalidate the leases, the lessors and the lessees may be exposed to potential fines if they fail to rectify such non-compliance within the prescribed time frame after receiving notice from the relevant PRC government authorities. The relevant government authorities may impose a fine ranging from RMB1,000 to RMB10,000 for each unregistered lease. We cannot assure you that the lessors will cooperate and complete the registration in a timely manner once we are required to do so. In the event that any fine is imposed on us for our failure to register our lease agreements, we may not be able to recover such losses from the lessors. According to the relevant PRC laws and regulations, if a property is pledged before it is leased, the lease may not be binding on the transferee of the property if the pledgee exercises its rights to foreclose on the property. As a result, we may be required to vacate the relevant properties. If we are required to relocate, we may incur additional costs and our business operations may be interrupted. We cannot assure you that we will be able to find suitable alternative premises on commercially reasonable terms, or at all. The occurrence of such events could disrupt our operations, and materially and adversely affect our business, financial condition and results of operations.

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

We receive substantial revenue in RMB and may need to convert RMB into foreign currencies to fund overseas operations. RMB convertibility and the remittance of funds out of Chinese Mainland are subject to PRC foreign exchange regulations. Any restrictions or shortages in foreign currency availability may limit our ability to remit funds abroad or meet foreign currency obligations. If we are unable to complete required foreign exchange procedures or obtain sufficient foreign currency, we may

be unable to pay dividends in foreign currencies to our Shareholders, purchase overseas raw materials or components, or fund foreign-currency-denominated business activities. Any tightening of currency controls could materially and adversely affect our liquidity, financial condition and business operations.

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

Our revenue and expenses are primarily denominated in Renminbi, while dividends on our Shares, if any, and the [REDACTED] from the [REDACTED] are denominated in foreign currencies, including Hong Kong dollars. Exchange rates are set by reference to rates determined by the People's Bank of China and are influenced by global and domestic political and economic factors. We cannot predict future movements in the exchange rate between the Renminbi and the Hong Kong dollar, the U.S. dollar or other currencies.

Any appreciation of the Renminbi against the Hong Kong dollar may reduce the Renminbi value of the [REDACTED] [REDACTED], while any depreciation of the Renminbi may adversely affect the foreign currency value of our Shares and dividends. In addition, instruments available to hedge foreign exchange exposure may be limited or costly. Accordingly, exchange rate fluctuations may materially and adversely affect the value of, and any dividends payable on, our Shares.

We may be subject to additional contributions of social insurance and late payments and fines imposed by relevant governmental authorities.

During the Track Record Period, we did not fully contribute to social insurance and housing provident fund for a certain of our employees. As advised by our PRC Legal Adviser, according to the relevant PRC laws and regulations, if we fail to make contributions to social insurance funds on time and in full, the relevant government authority can require us to rectify the shortfall in our contributions within a prescribed period, and we may be liable for a late payment fee equal to 0.05% of the shortfall in our contributions for each day of delay. If we fail to make the payments within the prescribed period, we may be liable for a penalty of one to three times the amount of the shortfall in our contributions. In addition, as advised by our PRC Legal Adviser, both risks for above-mentioned are considered as remote.

Assuming there have been no material changes to the policies and regulations relating to social insurance and housing provident fund contributions or to the enforcement and supervision requirements of the local authorities, and on the basis that (i) based on the compliance certification from or interviews with competent authorities in regions where we operate, we had not been subject to any administrative penalties for violations of laws and regulations relating to social insurance and housing provident fund contributions during the Track Record Period, (ii) we and our PRC subsidiaries have not been ordered to rectify or required to fully pay social insurance contributions/housing provident contributions by competent authorities as of the Latest Practicable Date; and (iii) we and our PRC subsidiaries will comply with any individual or collective payment demands and rectification notices within the prescribed time limits, our PRC Legal Adviser is of the view that the likelihood of us being subject to collective recovery or administrative penalties by the social insurance and housing provident fund authorities is remote.

We cannot assure you that the relevant government authorities will not require us to rectify such incidents or impose late payment fines or other penalties on us. If we are required to rectify the shortfall in our contributions or are imposed severe penalties, our business, financial condition and results of operations may be adversely affected.

RISKS RELATED TO THE [REDACTED]

There has been no prior [REDACTED] for our H Shares, and their [REDACTED] and [REDACTED] maybe volatile.

Prior to the [REDACTED], there has been no [REDACTED] for our H Shares. The [REDACTED] will be determined through negotiations between us and the [REDACTED] (for themselves and on behalf of the [REDACTED]) and may differ significantly from the [REDACTED] following [REDACTED]. Although we have applied for [REDACTED] on the Stock Exchange, there is no assurance that an active and liquid market will develop or be sustained, or that the [REDACTED] will not decline after the [REDACTED].

The [REDACTED] and [REDACTED] of our H Shares may be volatile and may fluctuate significantly due to factors including variations in our financial performance, business interruptions, changes in key personnel, regulatory developments, competitive pressures, macroeconomic conditions, stock market movements, changes in analysts' estimates and material litigation. Market prices may also fluctuate for reasons unrelated to our operating performance, and [REDACTED] may incur substantial losses. In addition, as we will not grant an [REDACTED] and no [REDACTED] has been appointed, it is expected that no price stabilization activities will be conducted in connection with the [REDACTED]. The absence of such stabilization measures may result in greater price volatility and potential losses during the period when stabilization might otherwise have occurred.

Substantial future sales or the expectation of substantial sales of our H Shares in the [REDACTED] could cause the [REDACTED] of our H Shares to decline and could materially impair our future ability to raise capital through offerings of our H Shares.

Although our Controlling Shareholders are subject to restrictions on their sales of Shares within 12 months from the [REDACTED] as described in "[REDACTED]" in this Document, future sales of a significant number of our H Shares by our Controlling Shareholders in the [REDACTED] after the [REDACTED], or the perception that these sales could occur, could cause the [REDACTED] of our H Shares to decline and could materially impair our future ability to raise capital through offerings of our H Shares. We cannot assure you that our Controlling Shareholders will not dispose of Shares held by them or that we will not issue Shares pursuant to the general mandate to issue shares granted to our Directors or otherwise, upon the expiration of restrictions set out above. We cannot predict the effect, if any, that any future sales of Shares by our Controlling Shareholders, or the availability of Shares for sale by our Controlling Shareholders, or the issuance of Shares by the Company may have on the [REDACTED] of the Shares. Sale or issuance of a substantial number of Shares by our Controlling Shareholders or us, or the market perception that such sale or issuance may occur, could materially and adversely affect the prevailing [REDACTED] of the Shares.

According to the PRC Company Law, the unlisted Shares issued by the Company prior to the [REDACTED] are restricted from trading within one year from the [REDACTED]. Such restriction from [REDACTED] will limit the number of H Shares to be circulated on the market, which will in turn adversely affect the liquidity of the H Shares during such restriction period.

As the [REDACTED] of our H Shares is higher than our consolidated net tangible asset book value per Share, purchasers of our H Shares in the [REDACTED] may experience immediate dilution upon such purchases.

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 Shares. In addition, holders of our H Shares may experience further dilution of their interest if we issue additional Shares in the future to raise additional capital.

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

Our Controlling Shareholders have substantial influence over our business, including matters relating to our management, policies and decisions regarding mergers, expansion plans, consolidations and sales of all or substantially all of our assets, election of Directors and other significant corporate actions. Immediately following the completion of the [REDACTED], our Controlling Shareholders will be entitled to exercise approximately [REDACTED]% of the voting rights of the Company. This concentration of ownership may discourage, delay or prevent a change in control of the Company, which could deprive other Shareholders of an opportunity to receive a premium for their Shares as part of a sale of the Company and might reduce the price of our H Shares. These events may occur even if they are opposed by our other Shareholders. In addition, the interests of our Controlling Shareholders may differ from the interests of our other Shareholders. It is possible that our Controlling Shareholders may exercise its substantial influence over us and cause us to enter into transactions or take, or fail to take, actions or make decisions that conflict with the best interests of our other Shareholders.

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

This Document contains certain statements and information that are forward-looking and uses forward-looking terminology such as "anticipate," "believe," "could," "going forward," "intend," "plan," "project," "seek," "expect," "may," "ought to," "should," "would" or "will" and similar expressions. You are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. In light of these and other risks and uncertainties, the inclusion of forward-looking statements in this Document should not be regarded as representations or warranties by us that our plans and objectives will be achieved and these forward-looking statements should be considered in light of various important factors, including those set forth in this section. Subject to the requirements of the Listing Rules, we do not intend publicly to update or otherwise revise the forward-looking statements in this Document, whether as a result of new information, future events or otherwise. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this Document are qualified by reference to this cautionary statement.

Certain facts, forecasts and statistics derived from official government sources contained in this Document have not been independently verified and the market opportunity estimates may not be accurate.

We have derived certain facts and other statistics in this Document, particularly those relating to the general economy and the industry, from information provided by official government sources. We have not independently verified information and statistics from official government sources, and there can be no assurance as to the accuracy and reliability of such facts and statistics. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other data problems, the statistics herein may be inaccurate. You should consider carefully how much weight or importance you should attach to or place on such facts or statistics.

Market opportunity estimates included in this Document, including our ability to capture a meaningful share of the relevant markets, are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate. The variables that go into the calculation of our market opportunity are subject to change over time, and there can be no assurance that our market opportunity estimates will materialize as anticipated. Any expansion in our market depends on a number of factors, including the cost, performance, and perceived value associated with our business and those of our competitors. Even if the market in which we compete meets the size estimates and growth forecasted in this Document, our business could fail to grow at similar rates, if at all. Our growth is subject to many factors, including our success in implementing our business strategy, which is inherently subject to certain risks and uncertainties.

WAIVERS AND EXEMPTION

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

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

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

We do not have a sufficient management presence in Hong Kong for the purposes of satisfying the requirements under Rules 8.12 and 19A.15 of the Listing Rules. Our headquarters, senior management, business operations and assets are primarily based outside of Hong Kong. Our executive Directors ordinarily reside in the PRC and, given that they play very important roles in our Group's business operations, it is in our best interests for them to continue to be based where our Group has significant operations; it would not be beneficial to or appropriate for our Group, and therefore not in the best interests of our Company or the Shareholders as a whole, to relocate any of our existing executive Directors to Hong Kong or appoint additional executive Directors ordinarily resident in Hong Kong.

Therefore, 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. We will ensure that there is regular and effective communication between us and the Stock Exchange based on, among others, the following conditions:

(i) pursuant to Rules 3.05 of the Listing Rules, we have appointed and will continue to maintain two authorized representatives, who will act as our principal channel of communication with the Stock Exchange and ensure that our Company complies with the Listing Rules at all times. The two authorized representatives appointed are Dr. Feng and Ms. Kwok Yan Ting Jennis (郭恩廷) ("**Ms. Kwok**") (the "**Authorized Representatives**"). Ms. Kwok is situated and based in Hong Kong, and will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame upon the request of the Stock Exchange. Both of the Authorized Representatives will be readily contactable by telephone and email to deal promptly with enquiries from the Stock Exchange. Our Company has provided contact details of the two Authorized Representatives to the Stock Exchange and will inform the Stock Exchange promptly in respect of any change in the Authorized Representatives;

(ii) both Authorized Representatives have the means to contact all Directors (including the independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact our Directors on any matters. Our Company has implemented a policy whereby (i) each Director has provided their respective valid phone numbers or other means of communication to the Authorized Representatives; (ii) in the event that a Director expects to travel or is otherwise out of office, he/she will provide his/her phone number of the place of his/her accommodation to the Authorized Representatives or maintain an open line of communication via his/her mobile phone; and (iii) each Director has provided his/her contact information, including mobile phone number, office phone number, email address and, where available, fax number to the Stock Exchange and to the Authorized Representatives and will inform the Stock Exchange promptly if there are any changes to the contact details of the Directors;

(iii) all our Directors who are not ordinarily resident in Hong Kong have confirmed that they possess or can apply for valid travel documents to visit Hong Kong and will be able to meet with relevant members of the Stock Exchange in Hong Kong upon reasonable notice, when required;

(iv) pursuant to Rule 3A.19 of the Listing Rules, we have retained the services of Rainbow Capital (HK) Limited as our Compliance Adviser upon [REDACTED] 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 Adviser will act as an additional channel of communication with the Stock Exchange and will be available to respond to enquiries from the Stock Exchange. The contact details of the Compliance Adviser have been provided to the Stock Exchange;

(v) our Authorized Representatives, Directors and other officers of our Company will promptly provide such information and assistance as the Compliance Adviser may reasonably require in connection with the performance of the Compliance Adviser'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 Adviser, and, to the extent reasonably practicable and legally permissible, we will keep the Compliance Adviser informed of all communications and dealings between the Stock Exchange and us. Meetings between the Stock Exchange and our Directors may be arranged through our Authorized Representatives or the Compliance Adviser, or directly with our Directors within a reasonable time frame. We will inform the Stock Exchange as soon as practicable in respect of any change of Authorized Representatives and/or the Compliance Adviser;

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

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

WAIVER IN RESPECT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules and Chapter 3.10 of the Guide for New Listing Applicants, a new applicant for listing on the Stock Exchange must appoint a company secretary who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of the company secretary.

Note 1 to Rule 3.28 of the Listing Rules provides that the Stock Exchange considers the following academic or professional qualifications to be acceptable:

(i) a member of The Hong Kong Chartered Governance Institute;

(ii) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); and

(iii) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

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

(i) length of employment with the issuer and other issuers and the roles he/she played;

(ii) 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;

(iii) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and

(iv) professional qualifications in other jurisdictions.

Our Company has appointed Ms. Gao Lina (高麗娜) ("**Ms. Gao**") and Ms. Kwok as our joint company secretaries. See "Directors and Senior Management — Joint Company Secretaries" for their biographical detail.

The Company believes that it would be in the best interests of the Company and the corporate governance of the Group to have as its joint company secretary a person such as Ms. Gao, who serves as the Board secretary of our Company and has day-to-day knowledge of the Company's affairs. Ms. Gao has the necessary nexus to the Board and close working relationship with management of the Company in order to perform the function of a joint company secretary and to take the necessary actions in the most effective and efficient manner. However, Ms. Gao 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. Kwok, who is a member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom and fully meets the requirements stipulated under Rules 3.28 and 8.17 of the Listing Rules, to act as the other joint company secretary and to provide assistance to Ms. Gao for an initial period of three years from the [REDACTED] to enable Ms. Gao 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.

Accordingly, we have applied to the Stock Exchange for, and the 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 Ms. Gao may be appointed as a joint company secretary of our Company.

The waiver is valid for an initial period of three years from the [REDACTED], and is granted on the condition that Ms. Kwok, as a joint company secretary of our Company, will work closely with Ms. Gao to jointly discharge the duties and responsibilities as company secretaries and assist Ms. Gao in acquiring the relevant experience as required under Rules 3.28 and 8.17 of the Listing Rules. Ms. Kwok will also assist Ms. Gao 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. Kwok is expected to work closely with Ms. Gao and will maintain regular contact with Ms. Gao, the Directors and the senior management of our Company. In addition, Ms. Gao will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance her knowledge of the Listing Rules during the three-year period from the [REDACTED]. Ms. Gao will also

be assisted by (a) the Compliance Adviser, particularly in relation to compliance with the Listing Rules; and (b) the Hong Kong legal advisers of our Company, on matters concerning our Company's ongoing compliance with the Listing Rules and the applicable laws and regulations.

Pursuant to Chapter 3.10 of the Guide for New Listing Applicants, the waiver will be revoked immediately if Ms. Kwok ceases to provide assistance to Ms. Gao 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.

Prior to the expiration of the initial three-year period, the qualifications and experience of Ms. Gao 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 and whether the need for ongoing assistance will continue. We will demonstrate that, Ms. Gao, having benefited from the assistance of Ms. Kwok 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 AND EXEMPTION IN RELATION TO THE EMPLOYEE INCENTIVE PLAN

Rule 17.02(1)(b) of the Listing Rules requires a listing applicant to, *inter alia*, disclose in the document 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. Pursuant to paragraphs 6 to 7 of Chapter 3.6 of the Guide for New Listing Applicants, the Hong Kong Stock Exchange would normally grant waivers from disclosing the names and addresses of certain grantees if the applicant could demonstrate that such disclosures would be irrelevant or unduly burdensome, subject to certain conditions specified therein.

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 document 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 document.

As of the Latest Practicable Date, our Company had granted outstanding options respectively under the Employee Incentive Plan to 121 grantees (the "**Grantees**"), entitling them to subscribe for [REDACTED] H Shares, representing approximately [REDACTED]%, of the total number of Shares in

issue immediately after completion of the [REDACTED] (assuming the [REDACTED] is not exercised and without taking into account any H Shares which may be issued under the Employee Incentive Plan). Among the outstanding options, (i) one senior management member, being Ms. Li Xiaoling, our chief financial officer, (ii) three connected persons at subsidiaries level, and (iii) 117 Grantees who are employees of our Group and are not Directors, members of senior management or connected persons of the Company were granted options for 36,650 H Shares, 423,300 H Shares and 2,930,650 H Shares, respectively. Save for the aforementioned, no options or other share incentives were granted to any Director, member of senior management, consultant or connected person of our Company. No options or other share incentives under the Employee Incentive Plan 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 and Miscellaneous Provisions) Ordinance, in connection with the disclosure of certain details relating to the Employee Incentive Plan 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 121 Grantees are involved for the grant of outstanding options under the Employee Incentive Plan, our Directors consider that it would be unduly burdensome to disclose in this Document full details of all the options 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 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) full disclosure of details of the Grantees (which include their names and addresses), as well as the options granted to each of them, would provide our Group's competitors with our Group's employees' compensation details and facilitate their soliciting activities which may impact our Group's ability to recruit and retain valuable personnel;

(d) the grant and vesting in full of the options under the Employee Incentive Plan will not cause any material adverse impact to the financial position of our Group. For the dilution effect and impact on earnings per Share upon full vesting of the options under the Employee Incentive Plan, see "Appendix IV. Statutory and General Information — Employee Incentive Plan — Outstanding Options";

(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; and

(f) material information on the options under the Employee Incentive Plan have been disclosed in "Appendix IV — Statutory and General Information — Employee Incentive Plan" 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 in making their [REDACTED] decision, and such information includes:

(i) a summary of the terms of the Employee Incentive Plan;

(ii) the aggregate number of H Shares subject to the outstanding options, and the percentage in our total issued Shares of which such number represents; and

(iii) the details of the outstanding options granted under the Employee Incentive Plan by the range of underlying Shares, including (i) the aggregate number of Grantees and the number of Shares underlying the outstanding options granted to them under the Employee Incentive Plan, (ii) the consideration paid for the grant of the outstanding options under the Employee Incentive Plan (if any), and (iii) the vesting period, exercise period and the exercise price (as applicable) for the outstanding options granted under the Employee Incentive Plan, upon completion of the [REDACTED].

In light of the above, our Directors believe that the grant of the waiver sought under this [REDACTED] 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 public [REDACTED].

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 with respect to the options granted under the Employee Incentive Plan, subject to the conditions that:

(a) on an individual basis, full details of the outstanding options granted by the Company under the Employee Incentive Plan to each of the members of the senior management and connected persons of the Company including all the particulars required under 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 Companies (Winding Up and Miscellaneous Provisions) Ordinance, are disclosed in this Document;

(b) for the remaining grantees, disclosures will be made, on an aggregate basis, of (i) the aggregate number of Grantees and the number of Shares underlying the outstanding options granted to them under the Employee Incentive Plan, (ii) the consideration paid for the grant of the outstanding options under the Employee Incentive Plan (if any), and (iii) the vesting period, exercise period and the exercise price (as applicable) for the outstanding options granted under the Employee Incentive Plan upon completion of the [REDACTED];

(c) the aggregate number of Shares underlying the outstanding options and the percentage of our Company's total issued share capital represented by such number of Shares upon completion of the [REDACTED] will be disclosed in this Document;

(d) a summary of the principal terms of the Employee Incentive Plan will be disclosed in the section headed "Appendix IV — Statutory and General Information — Employee Incentive Plan" in this Document;

(e) the dilution effect and impact on earnings per Share upon full vesting of the options granted under the Employee Incentive Plan be disclosed in this Document;

(f) the grant of a certificate of exemption under the Companies (Winding Up and Miscellaneous Provisions) Ordinance from the SFC 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; and

(g) the particulars of this waiver are set out in this Document and a full list of all the Grantees (including the persons referred to in sub-paragraphs (a) and (b) above) who have been granted outstanding options for Shares under the Employee Incentive Plan, containing all details as required under 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 Companies (Winding Up and Miscellaneous Provisions) Ordinance, will 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.

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 granted under the Employee Incentive Plan, subject to the conditions that:

(a) on an individual basis, full details of the outstanding options granted by the Company under the Employee Incentive Plan to each of the members of the senior management and connected persons of the Company, 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) for the remaining grantees, disclosures will be made, on an aggregate basis, of (i) the aggregate number of grantees and the number of Shares underlying the outstanding options granted to them under the Employee Incentive Plan, (ii) the consideration paid for the grant of the outstanding options under the Employee Incentive Plan (if any), and (iii) the vesting period, exercise period and the exercise price (as applicable) for the outstanding options granted under the Employee Incentive Plan;

(c) a full list of all the Grantees (including the persons referred to in sub-paragraphs (a) and (b) above) who have been granted outstanding options over the Shares under the Employee Incentive Plan, 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 CONTINUING CONNECTED TRANSACTIONS

We have entered into, and expect to continue, certain transactions that will constitute non-exempt continuing connected transactions of our Company under the Listing Rules upon [REDACTED]. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted] us, waivers from strict compliance with Chapter 14A of the Listing Rules. See "Connected Transactions" for more details.

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]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Dr. Feng Yuchuan (馮玉川)	Room 701, Building 12 Dong Jing Guo Ji Hua Yuan Development Zone Kunshan Suzhou Jiangsu Province PRC	Chinese
Dr. Li Zheng (李崢)	Room 506+606, Building 8 Jing Yue Lan Ting Development Zone Kunshan Suzhou Jiangsu Province PRC	Chinese
Mr. He Zhaoling (何朝凌)	Room 906, Building 12 Zuo An Shang Hai Wan Hua Yuan South Taihu Road Kunshan Suzhou Jiangsu Province PRC	Chinese
Non-Executive Directors		
Ms. Yang Fan (楊帆)	Room 701, Building 12 Dong Jing Guo Ji Hua Yuan Development Zone Kunshan Suzhou Jiangsu Province PRC	Chinese
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Name	Address	Nationality
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Dr. Li Enzhu (李恩竹)	Room 21, 7/F Unit 8, Building 3 No. 71, Zhihui Street Jinjiang District Chengdu Sichuan Province PRC	Chinese
Dr. Wu Yingyu (吳應宇)	Room 604 Unit 2 300 Zhongshan Road Xuanwu District Nanjing Jiangsu Province PRC	Chinese
Mr. Lam Wai Kei (林偉基)	Flat B, 39/F Tower 3 Island Harbourview 11 Hoi Fai Road West Kowloon Kowloon Hong Kong	Chinese

For further details on our Directors, see the section headed "Directors and Senior Management" in this Document.

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors

Guotai Junan Capital Limited
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181 Queen's Road
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China International Capital Corporation Hong Kong Securities Limited
29/F, One International Finance Centre
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Central
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China Merchants Securities (HK) Co., Limited
32/F, One Exchange Square
Central
Hong Kong

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

[REDACTED]

Legal Advisers to our Company

As to Hong Kong and U.S. laws

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As to PRC laws

AllBright Law Offices
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Legal Advisers to the Joint Sponsors and the [REDACTED]

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Industry Consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** Suite 2504 Wheelock Square 1717 Nanjing West Road Shanghai PRC
Compliance Adviser	**Rainbow Capital (HK) Limited** Office No. 710, 7/F Wing On House 71 Des Voeux Road Central Central Hong Kong
	[REDACTED]

CORPORATE INFORMATION

Registered Office, Headquarters and Principal Place of Business in the PRC	3 Shengxi Road Kunshan Development Zone Kunshan City Jiangsu Province PRC
Principal Place of Business in Hong Kong	46/F Hopewell Centre 183 Queen's Road East Wan Chai Hong Kong
Company's Website	**https://www.jsqingtao.com/** *(information contained on this website does not form part of this Document)*
Joint Company Secretaries	**Ms. Gao Lina (高麗娜)** 3 Shengxi Road Kunshan Development Zone Kunshan City Jiangsu Province PRC **Ms. Kwok Yan Ting Jennis (郭恩廷)** *(an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom)* 46/F Hopewell Centre 183 Queen's Road East Wan Chai Hong Kong
Authorized Representatives	**Dr. Feng Yuchuan (馮玉川)** 3 Shengxi Road Kunshan Development Zone Kunshan City Jiangsu Province PRC **Ms. Kwok Yan Ting Jennis (郭恩廷)** 46/F Hopewell Centre 183 Queen's Road East Wan Chai Hong Kong

CORPORATE INFORMATION

Audit Committee	Mr. Lam Wai Kei (林偉基) *(Chairperson)* Dr. Wu Yingyu (吳應宇) Dr. Li Enzhu (李恩竹)
Nomination Committee	Dr. Wu Yingyu (吳應宇) *(Chairperson)* Dr. Li Enzhu (李恩竹) Mr. Shen Haoming (沈浩明)
Remuneration Committee	Dr. Wu Yingyu (吳應宇) *(Chairperson)* Dr. Li Enzhu (李恩竹) Ms. Yuan Wenjing (袁文靜)
Strategy Committee	Dr. Feng Yuchuan (馮玉川) *(Chairperson)* Mr. He Zhaoling (何朝凌) Mr. Lam Wai Kei (林偉基)
	[REDACTED]
Principal Bank	**Industrial and Commercial Bank of China Suzhou Branch** No. 162 Qianjin (M) Road Kunshan Suzhou City Jiangsu Province PRC

The information and statistics set out in this section and other sections of this Document were extracted from the Frost & Sullivan Report, which was commissioned by us, and from various official government publications and other publicly available publications. We engaged Frost & Sullivan to prepare the Frost & Sullivan Report, an independent industry report, in connection with the [REDACTED]. Unless otherwise indicated, the data and statistics presented in this section and elsewhere in this Document have been derived from various official government publications and other publications, and from the industry report prepared by Frost & Sullivan. The information derived from official government sources has not been independently verified by us, the Joint Sponsors, the [REDACTED], [REDACTED], [REDACTED] and [REDACTED], any of the [REDACTED], or any of our or their respective directors, advisers or any other parties involved in the [REDACTED], and no representation is given as to its accuracy.

Against the backdrop of increasing geopolitical uncertainty and the growing importance of energy security and sustainability, the traditional energy system dominated by fossil fuels is gradually transitioning toward a new energy system. Renewable energy sources, particularly wind and solar, are being deployed at scale, indicating that clean energy is increasingly capable of serving as a primary power source. The decarbonization of power generation and the electrification of energy consumption have entered an irreversible phase of acceleration.

Amid this transition, the rapid growth in energy storage demand and the continued expansion of the electric vehicle market are elevating the lithium battery industry from a supporting component of the new energy system to a critical element of energy infrastructure. The ability of battery systems to operate efficiently, reliably and safely has a direct impact on the progress of the global energy transition, positioning the battery industry as an increasingly strategic resource within national energy systems.

OVERVIEW OF THE GLOBAL LITHIUM-ION BATTERY INDUSTRY

Definition and Classification of Lithium-ion Batteries

Lithium-ion batteries are electrochemical energy storage devices that facilitate the interconversion of electrical and chemical energy through the migration of lithium ions between the cathode and anode. Characterised by high energy density, superior charge-discharge efficiency, and robust engineering adaptability, lithium-ion batteries have emerged as the leading energy solution for a wide range of energy storage systems, electric vehicles and emerging sectors.

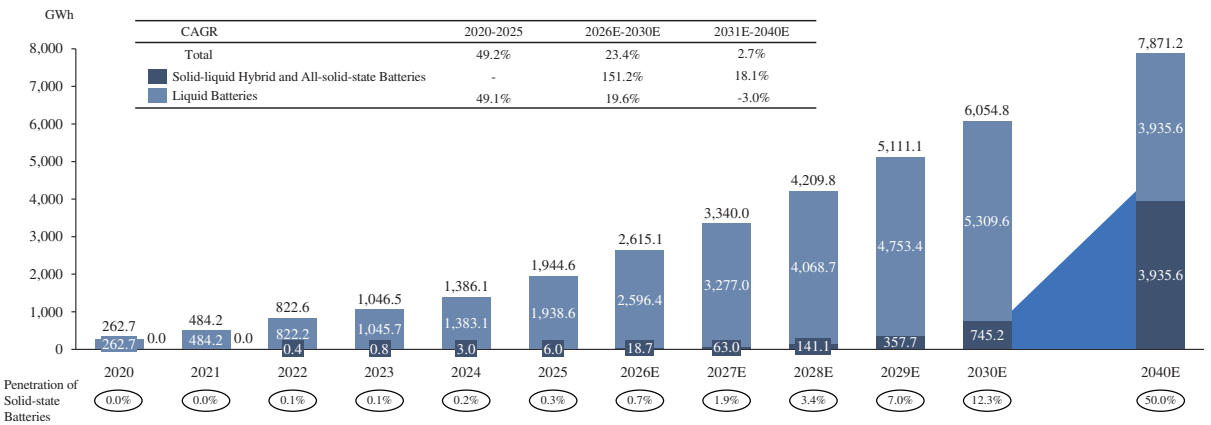
Based on the type of electrolyte that enables ion transfer between the cathode and anode, lithium-ion batteries are generally categorised into liquid batteries, solid-liquid hybrid batteries and all-solid-state batteries. Liquid batteries use a liquid electrolyte as their primary ion conductive medium. Solid-state batteries refer to lithium-ion batteries in which the proportion of liquid electrolyte is reduced to no more than 10.0% of the total cell mass, while the mass share of solid electrolyte in the total electrolyte content reaches at least 10.0%. Solid-liquid hybrid batteries use solid electrolytes to partially replace liquid electrolytes in order to enhance safety, stability and performance. All-solid-state batteries adopt solid electrolytes to fully replace liquid electrolytes as the ion conduction medium, offering potential advantages in terms of thermal stability and energy density.

Global Lithium-ion Battery Market Size

The global shipments of lithium-ion battery market grew from 262.7 GWh in 2020 to 1,944.6 GWh in 2025, representing a CAGR of 49.2%. It is forecast to continue growing at a CAGR of 23.4% during the period from 2026 to 2030, reaching 6,054.8 GWh by 2030.

Since statistics for solid-liquid hybrid and all-solid-state batteries began in 2022, global shipments of these batteries have grown from approximately 0.4 GWh to 6.0 GWh by 2025. Their penetration rate within total lithium-ion battery shipments increased from 0.1% to 0.3%, corresponding to a CAGR of approximately 143.3% between 2022 and 2025, marking their entry into the initial adoption and pilot application stage. Subsequently, shipments of solid-liquid hybrid and all-solid-state batteries are anticipated to accelerate rapidly, reaching 745.2 GWh by 2030, with market penetration rising to around 12.3% as commercialisation progresses and volume production scales up. Over the medium to long term, shipments of solid-liquid hybrid and all-solid-state batteries are further projected to reach 3,935.6 GWh by 2040, corresponding to an estimated penetration rate of 50.0%.

Global Lithium-ion Battery Shipments, by Electrolyte Type, 2020–2030E, 2040E



Source: China Battery Industry Association, Frost & Sullivan

Note: Totals may not sum due to rounding; CAGR is based on unrounded data.

Development Trends in the Lithium-ion Battery Industry

Diversified Applications Drive Battery Performance Upgrades. Against the backdrop of the continued expansion of electrification, driving range has become an essential factor constraining the application scope of new energy vehicles (NEVs) and various emerging mobile applicants. Global sales of new energy passenger vehicles increased from approximately 2.9 million units in 2020 to approximately 20.8 million units in 2025, representing a CAGR of approximately 48.3% between 2020 and 2025. Sales are expected to continue expanding at a CAGR of approximately 15.3% from 2026 to 2030, reaching approximately 42.3 million units by 2030. From Frost & Sullivan, the market size of the global robotics market increased from US$45.5 billion in 2020 to US$91.0 billion in 2025, reflecting a CAGR of 14.8%. It is projected to reach US$197.4 billion by 2030, reflecting a CAGR of 16.1% from 2026. Different application scenarios impose increasingly stringent and diversified requirements on battery performance, among which energy density, safety and system reliability have become key considerations.

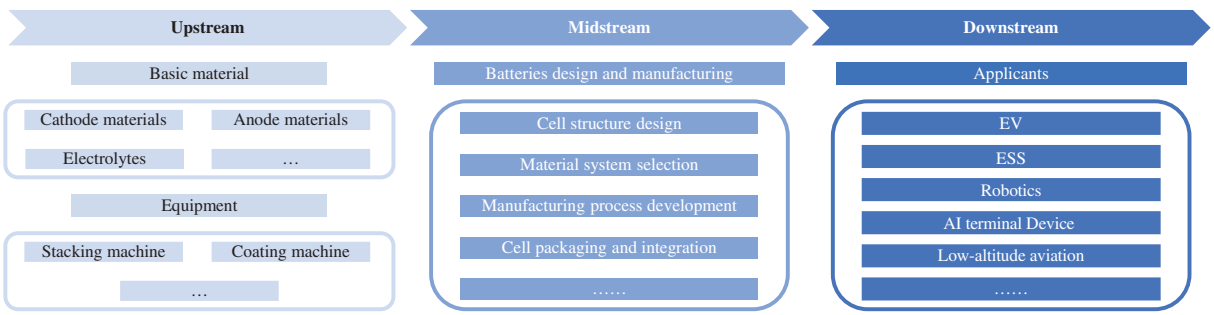
Battery System Evolution Drives Material Changes. Existing liquid lithium-ion battery technology, after years of development, has reached a relatively mature stage in terms of material formulation and battery structural design, and its potential for further improvement in energy density is limited, making it difficult to balance safety and cycle life. By adopting solid electrolytes, solid-state batteries provide greater flexibility in the selection of electrode materials and battery structural design, thereby enhancing their energy storage capacity per unit weight or volume. From a technological development perspective, solid-state batteries offer a new solution to extending driving range, reducing system weight, and addressing the demands of highly mobile application scenarios.

Advances in material systems enhance system stability and safety. Solid-liquid hybrid and all-solid-state batteries are built upon distinct material and structural foundations that inherently enhance safety performance. Upon the substitution of liquid electrolytes with solid electrolytes, the proportion of flammable and volatile components within the battery is significantly reduced, thereby lowering the risks of leakage and combustion from a materials standpoint. Moreover, the internal reaction environment within solid-state battery systems remains relatively stable, and even under high-temperature or abnormal operating conditions, it is less likely to trigger large-scale side reactions or gas formation. From a system-level perspective, solid-state lithium-ion batteries, through changes in their material systems, place greater reliance on the intrinsic stability of the materials themselves to ensure safety. This offers enhanced safety potential and greater scope for engineering optimisation in EV, energy storage and other application scenarios where stringent safety requirements apply.

OVERVIEW OF THE GLOBAL SOLID-LIQUID HYBRID AND ALL-SOLID-STATE BATTERY INDUSTRY

Value Chain of Solid-liquid Hybrid and All-solid-state Batteries

Battery manufacturers constitute the core of R&D and manufacturing for solid-liquid hybrid and all-solid-state batteries, encompassing cell structural design, material system selection, manufacturing process development and packaging integration. The value chain of solid-liquid hybrid and all-solid-state batteries is showed as below:



Source: China Battery Industry Association, Frost & Sullivan

Challenges and Opportunities in the Solid-liquid Hybrid and All-solid-state Battery Industry

Key materials. The ongoing enhancement of solid electrolyte materials is widely regarded as a critical prerequisite for improving the feasibility and performance of solid-liquid hybrid and all-solid-state batteries. R&D activities primarily focus on key issues such as solid-solid interfacial contact, ionic transport efficiency and the compatibility of solid electrolytes with cathode and anode materials. On the one hand, solid electrolytes with greater mechanical flexibility help improve interfacial contact among solid components within the battery, reduce interfacial voids and enhance overall reaction efficiency. Meanwhile, as the electrolyte system transitions from liquid to solid, the cathode and anode material systems are correspondingly being adjusted and optimized at a structural level. The industry is actively advancing high-capacity material pathways, including lithium metal and silicon-based anodes, as well as high-nickel layered and lithium-rich manganese-based cathodes, with a view to unlocking the energy density potential of solid-state batteries.

Key processes. Solid-liquid hybrid and all-solid-state batteries differ significantly from conventional liquid batteries in terms of manufacturing processes, which imposes stringent requirements on battery manufacturers to develop and adopt new process technologies. As solid-liquid hybrid and all-solid-state batteries have progressed from technical validation to engineering implementation and mass

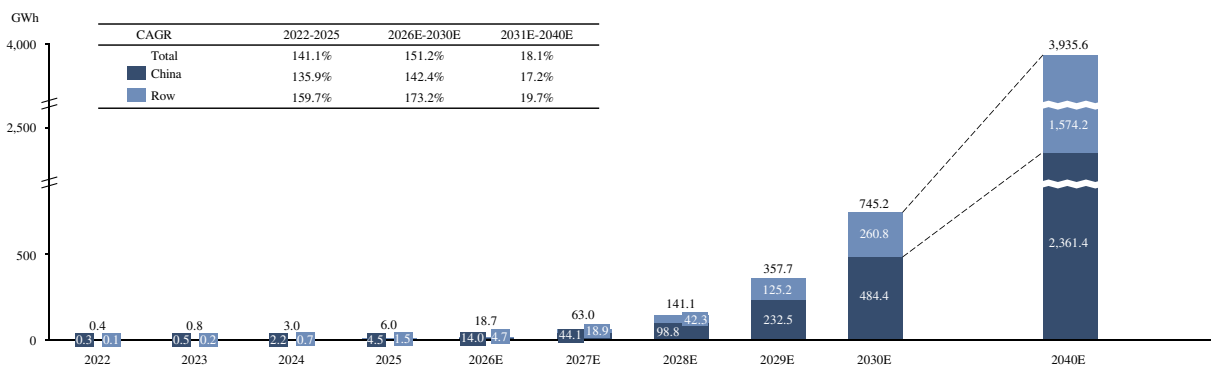
production readiness, process optimisation has been centred on enhancing manufacturing stability, structural consistency and production scalability. Some manufacturers are exploring transfer-based processes, where electrode or solid electrolyte layers are first fabricated on carrier substrates and subsequently transferred onto the battery structure. Such approaches can improve solid-solid interface contact and structural density, helping to mitigate interface resistance and manufacturing consistency challenges, and thus providing an important pathway for the scalable production of solid-liquid hybrid and all-solid-state batteries.

Key equipment. Given that solid-liquid hybrid and all-solid-state batteries differ significantly from liquid batteries in terms of material form, structural design and manufacturing processes, current equipment systems remain in a stage of continuous iteration. Key areas of industry focus include continuous-forming equipment for solid electrolytes, integrated line equipment capable of operation with upstream and downstream processes, and equipment adapted for solvent-free processes, such as powder mixing, kneading, automated transport and direct electrode-forming equipment. By combining close collaboration with equipment manufacturers and its own in-house engineering and process development capabilities, the manufacturers should ensure that they are able to tailor manufacturing equipment to the unique process characteristics of solid-liquid hybrid and all-solid-state batteries, thereby enhancing production efficiency, consistency and overall system performance.

Global Solid-liquid Hybrid and All-solid-state Batteries Market Size

Global shipments of solid-liquid hybrid batteries and all-solid-state batteries increased from 0.4 GWh in 2022 to 6.0 GWh in 2025, with shipments in the China market rising from 0.3 GWh to 4.5 GWh, maintaining a high proportion. With overseas markets gradually ramping up, global shipments of solid-liquid hybrid batteries and all-solid-state batteries are projected to reach 745.2 GWh by 2030, with a CAGR of 151.2% from 2026 to 2030.

Global Solid-liquid Hybrid and All-solid-state Batteries Shipments, by Region, 2022-2030E, 2040E



Source: World Bank, National Bureau of Statistics of China, Frost & Sullivan

Note: Totals may not sum due to rounding; CAGR is based on unrounded data.

Development Trends in the Solid-liquid Hybrid and All-solid-state Battery Industry

Accelerated mass production pathway. In terms of industrial advancement, solid-liquid hybrid and all-solid-state battery technologies are advancing from laboratory R&D to engineering validation and preparation for industrialisation. In recent years, key participants across the value chain have successively deployed pilot and demonstration production lines to verify the feasibility of material systems, manufacturing processes and equipment compatibility. Building on the continuous operation of

pilot lines and gradual stabilisation of process parameters, the pathway towards mass production of solid-liquid hybrid and all-solid-state batteries has become increasingly clear. The feasibility of mass production continues to improve, with industry development transitioning from an R&D-driven to an engineering- and manufacturing-driven model.

Systematic supply chain development driving cost optimisation. In terms of cost evolution, cost reductions for solid-state batteries do not rely on a single material or process breakthrough, but rather depend on the coordinated optimisation of material systems and the enhanced scale of supporting capabilities. As solid electrolytes, cathode and anode materials and related auxiliary materials gradually form relatively stable technical systems and achieve scaled production on the supply side, there is room for a systemic reduction in unit material costs. Meanwhile, the maturation of manufacturing processes and the scale-up of production lines will facilitate improved production efficiency and dilute fixed investment costs, thereby driving the continuous optimisation of the overall solid-liquid hybrid and all-solid-state battery cost structure and creating conditions for subsequent scaled application.

Competitive Landscape of Global Solid-liquid Hybrid and All-solid-state Battery Suppliers

Specialised technology firms possessing core technical expertise and engineering capabilities have taken the lead in strategic deployment and implementation. Against this backdrop, leveraging our long-term technical expertise and capabilities in advancing industrialisation within the solid-liquid hybrid and all-solid-state battery field, we have established a leading market position at this stage. In terms of shipments in 2025, our market share in the global solid-liquid hybrid battery and all-solid-state battery market is approximately 33.6%, and approximately 44.8% in the China market, ranking first in the industry.

Global Solid-liquid Hybrid and All-solid-state Battery Suppliers Ranking in 2025, by Shipments

Rank	Company	Shipments (GWh)	Market Share
1	**The Company**	**2.0**	**33.6%**
2	Company A	1.4	23.5%
3	Company B	0.3	5.0%
4	Company C	0.3	4.2%
5	Company D	0.2	3.4%
	Others	1.8	30.3%
	Total	**6.0**	**100.0%**

Source: Annual Reports, Frost & Sullivan

Note:

Totals may not sum due to rounding; Market share is based on unrounded data.

Company A was established in 2016 and is a privately held company headquartered in Beijing, China. Its main products include solid-liquid hybrid and all-solid-state lithium batteries, battery cells, and solid electrolyte materials.

Company B was established in 2011 and is a company listed on both the Shenzhen Stock Exchange and the Hong Kong Stock Exchange, with its headquarters located in Fujian, China. Its main products include EV batteries, battery systems, and ESS batteries.

Company C was established in 2000 and is listed on both the Shenzhen Stock Exchange and the Hong Kong Stock Exchange. The company is headquartered in Jiangxi, China. Its main products include lithium compounds, EV batteries, and ESS batteries.

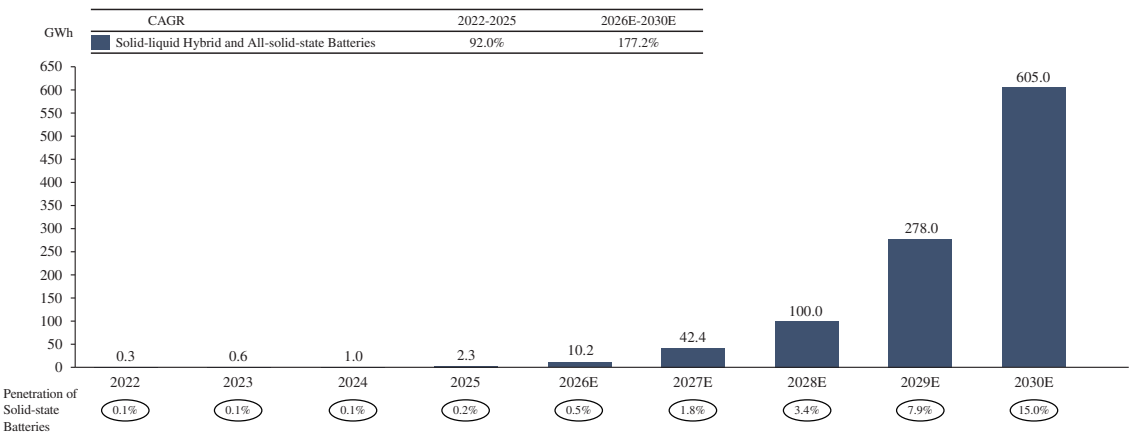
Company D was established in 2018 and is a privately held company headquartered in Chongqing, China. Its main products include solid-liquid hybrid batteries, battery cells, and solid electrolyte materials.

OVERVIEW OF THE GLOBAL SOLID-LIQUID HYBRID AND ALL-SOLID-STATE EV BATTERY MARKET

Global Solid-liquid Hybrid and All-solid-state EV Batteries Market Size

The global shipments of solid-liquid hybrid and all-solid-state EV batteries expanded from 0.3 GWh in 2022 to 2.3 GWh in 2025, representing a CAGR of approximately 92.0% between 2022 and 2025. It is forecast to accelerate rapidly between 2026 and 2030 at a CAGR of approximately 177.2%, reaching approximately 605.0 GWh by 2030. By 2030, the penetration rate of solid-liquid hybrid and all-solid-state batteries within the overall EV battery market is projected to reach approximately 15.0%. The application of solid-liquid hybrid and all-solid-state batteries is evolving from the initial verification stage towards scale-up introduction in the EV battery sector.

Global Solid-liquid Hybrid and All-solid-state EV Batteries Shipments, 2022-2030E



Source: OICA, CAAM, Frost & Sullivan

Note: Totals may not sum due to rounding; CAGR is based on unrounded data.

Development Trends in the Solid-liquid Hybrid and All-solid-state EV Battery Industry

Battery performance evolution accelerates vehicle electrification. With the continuous advancement of solid-liquid hybrid and all-solid-state battery technology, the performance boundaries of EV batteries in terms of energy density and safety have been further expanded. This helps alleviate the range limitations of EVs compared with internal combustion engine (ICE) vehicles and broadens the application scenarios for electrified vehicle models. Building on this foundation, EVs, with highly electronic powertrains at their core, possess superior technical architectures for intelligence and connectivity, making them better suited as platforms for intelligent driving and vehicle-to-everything (V2X) technologies. The synergistic advancement of enhanced battery performance and vehicle intelligence is accelerating the replacement of traditional ICE vehicles across a wider range of market segments.

EV demand drives battery performance iteration. In the commercial vehicle sector, high usage intensity and long operating distances place stringent requirements on the range, safety and reliability of powertrains, factors which have historically constrained the electrification process. As advances in solid-state battery technology continue to improve energy density and system stability, the suitability of

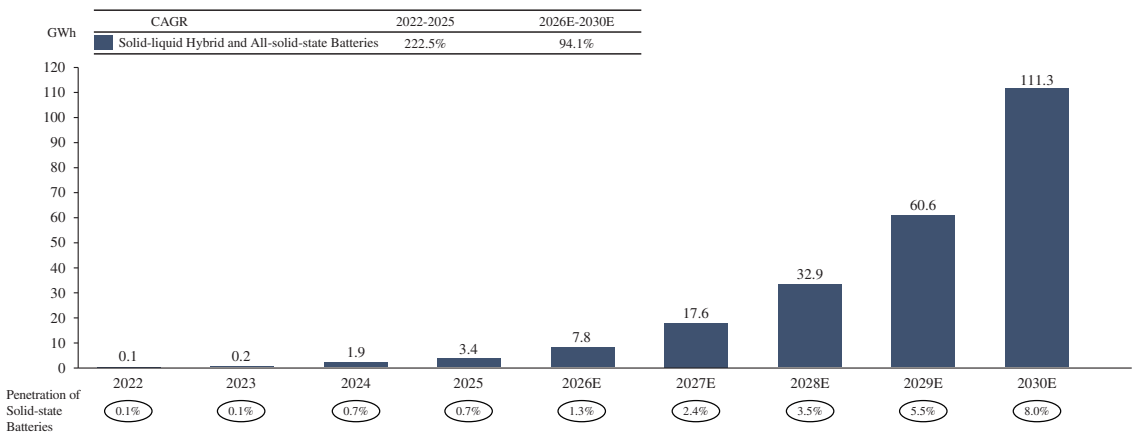
electric commercial vehicles in terms of driving range, payload efficiency and operational safety is increasing, enabling coverage of more medium-to-long-haul and high-load application scenarios. Furthermore, the expansion of battery performance boundaries contributes to enhanced lifecycle cost-efficiency for electric commercial vehicles, offering critical technological support for further increases in the sector's electrification penetration rate.

GLOBAL MARKET OVERVIEW OF SOLID-LIQUID HYBRID AND ALL-SOLID-STATE BATTERIES FOR ESS

Global ESS Market Size for Solid-liquid Hybrid and All-solid-state Batteries

The global shipments of solid-liquid hybrid and all-solid-state batteries for ESS increased from 0.1 GWh in 2022 to 3.4 GWh in 2025, representing a CAGR of approximately 222.5% during this period. Among energy storage applications, residential energy storage places particularly high demands on safety, energy density and environmental adaptability. Demand growth in this area has facilitated the early adoption of solid-liquid hybrid battery and all-solid-state battery technologies in the energy storage sector. From 2026 to 2030, the market is forecast to expand continuously at a CAGR of approximately 94.1%, reaching approximately 111.3 GWh by 2030. By 2030, the penetration rate of solid-liquid hybrid and all-solid-state batteries within the overall ESS battery market is projected to reach approximately 8.0%.

Global Shipments of Solid-liquid Hybrid and All-solid-state Batteries Used in ESS, 2022-2030E



Source: China Battery Industry Association, Frost & Sullivan

Note: Totals may not sum due to rounding; CAGR is based on unrounded data.

Development Trends of Solid-liquid Hybrid and All-solid-state Batteries in ESS Applications

The development of new-type ESS is propelling the evolution of high-performance electrochemical energy storage technologies. Solid-liquid hybrid batteries and all-solid-state batteries are increasingly positioned as key technological options under the development of new-type energy storage systems, which are driven by the rising penetration of renewable energy and higher requirements for flexibility, efficiency and long-term stability. In this context, by adopting solid-state electrolyte systems, these batteries offer the potential to reduce internal resistance, improve energy efficiency and enable more flexible system design. In addition, their calendar life is generally expected to exceed that of conventional liquid batteries, making them well-suited for long-duration and high-reliability energy storage applications.

Rising demand for safety and environmental adaptability is driving the transition toward solid-state batteries. As ESS expand towards large-scale and multi-scenario applications, their operational environments and working conditions are becoming increasingly complex, posing higher requirements for the safety and environmental adaptability of battery systems. Energy storage stations typically need to maintain stable performance under high and low temperatures, extended operating periods and frequent charge-discharge cycles, creating constraints on battery material systems and structural design. Supported by superior performance under extreme operating conditions, solid-liquid hybrid and all-solid-state batteries demonstrate stronger application adaptability and are expected to expand into a broader range of high-value application segments.

GLOBAL MARKET OVERVIEW OF SOLID-LIQUID HYBRID AND ALL-SOLID-STATE BATTERIES IN EMERGING INDUSTRIES

Global Market Size of Solid-liquid Hybrid and All-solid-state Batteries in Emerging Sectors

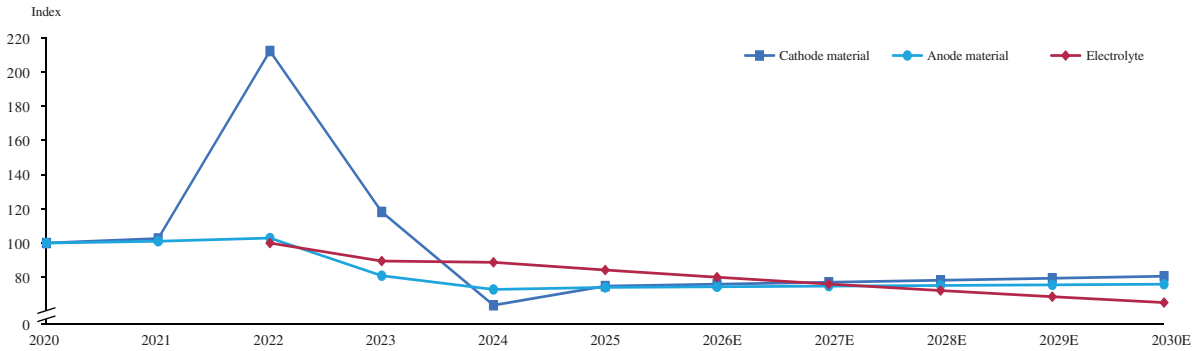
Emerging industries include applications such as embodied intelligence, AI terminal devices, low-altitude aviation, and electric vessels. The market for solid-liquid hybrid and all-solid-state batteries for emerging industries primarily refers to application areas that rely on independent power sources and exhibit high rates of energy consumption. Operations in these sectors typically take place independently of fixed power grids and entail sustained energy use within strict volume and weight constraints, thereby imposing higher requirements on the energy density and weight reduction capabilities of the power supply system.

The global shipments of solid-liquid hybrid and all-solid-state batteries for emerging industries was about 0.3 GWh in 2025, and which is projected to increase rapidly at a CAGR of approximately 160.4% between 2026 and 2030, reaching approximately 28.9 GWh by 2030. This expansion is primarily driven by sustained demand from, such as embodied AI applications and AI terminal devices, rising demand for lightweight, high-energy-density independent power sources. In these emerging applications, the sustained high-load operation of computing, sensing and communication modules imposes elevated requirements on both the energy density and weight efficiency of power systems.

KEY MATERIAL ANALYSIS OF SOLID-LIQUID HYBRID AND ALL-SOLID-STATE BATTERIES

The cost structure of solid-liquid hybrid and all-solid-state batteries, is primarily composed of cathode materials, anode materials and electrolyte systems, together with current collectors and manufacturing costs. In terms of price trends, key battery materials have experienced cyclical fluctuations before gradually stabilizing in recent years. Around 2022, battery material prices generally rose significantly due to supply-demand imbalances in upstream resources, with cathode materials particularly affected by fluctuations in lithium and nickel prices. As resource supply expanded and industry capacity increased, prices gradually returned to relatively stable levels since 2023. In comparison, anode material prices have shown relatively limited fluctuations and remain broadly stable as manufacturing scale and process efficiency improve. The cost evolution of electrolytes is more strongly driven by technological progress. As the commercialization of solid-state batteries advances, solid electrolytes have gradually entered pilot-scale and early mass production stages. Improvements in production processes, equipment efficiency and material portfolios are helping to reduce unit costs. With further scale expansion and supply chain maturation, electrolyte costs are expected to decline further, contributing to the overall cost optimization of solid-liquid hybrid and all-solid-state batteries.

Solid-liquid Hybrid and All-solid-state Batteries Cost Price Index Trend, 2020-2030E (2020=100)



Source:, WIND, Frost & Sullivan

BARRIERS TO ENTRY

Technology and R&D Barriers. solid-liquid hybrid and all-solid-state battery technology involves complex challenges such as changes in electrolyte form, multi-material system integration and interface engineering. It differs fundamentally from traditional liquid lithium-ion batteries in terms of material systems, reaction mechanisms, manufacturing processes and equipment requirements, making existing technologies and production systems difficult to directly adapt to solid-state battery development. Relevant R&D requires prolonged accumulation of material performance capabilities as well as systematic optimisation at the battery system level, encompassing cathode, anode, electrolyte and structural design. For new entrants without extensive technological expertise or systematic R&D capacity, achieving breakthroughs in key performance and reliability metrics will be extremely challenging. Leading players have established comprehensive patent positions in key areas such as material formulations, interface control methods and process pathways, creating significant barriers to entry.

Mass Production Barriers. Solid-liquid hybrid batteries and all-solid-state batteries impose stricter requirements on consistency and stability in process steps such as formation, compaction and interface processing, while being more sensitive to process windows and yield management during mass production. Existing liquid battery production lines are difficult to directly convert into solid-liquid hybrid and all-solid-state battery production lines through technical upgrades. Only companies that continuously invest in process stability, equipment compatibility and scale-up capabilities can progressively overcome the barriers to mass production.

Certification Barriers. In the EV, ESS and emerging industries sectors, products undergo stringent and long-cycle system-level verification and certification processes. Battery replacement often necessitates redesigning the mechanical structure, power management system and safety strategies of the end application, resulting in high switching costs for clients and extended development and iteration cycles.

Supply Chain Barriers. solid-liquid hybrid and all-solid-state batteries impose differentiated requirements on solid electrolytes, cathode and anode materials and related production processes. Upstream materials and equipment remain in a stage of continuous refinement regarding performance consistency, batch stability and collaborative development capabilities. The diversity of material portfolios and process routes characteristic of solid-liquid hybrid and all-solid-state batteries necessitates strong system integration capabilities for supply chain construction.

Capital and Policy Barriers. The R&D and industrialization of solid-liquid hybrid and all-solid-state batteries are characterised by long investment cycles and substantial capital intensity, requiring sustained funding for long-term research, production line construction and strategic capacity deployment. Enterprises possessing strong capital strength and the ability to navigate policy trends are better positioned to support the transition of solid-liquid hybrid and all-solid-state battery technologies from R&D validation to scaled application, thereby establishing significant capital and policy-driven barriers to entry.

SOURCE OF INFORMATION

In connection with the [REDACTED], we have commissioned Frost & Sullivan, an independent market research consultant, to conduct an analysis of the solid-state battery market and to prepare the Frost & Sullivan Report. Frost & Sullivan is an independent global consulting firm founded in New York in 1961, providing services including industry research, market strategy consulting and corporate training. We have paid Frost & Sullivan a fee of RMB600,000, inclusive of taxes, for the market research services provided, which we believe reflects prevailing market rates.

In compiling and preparing the Frost & Sullivan Report, Frost & Sullivan performed: (i) primary research which involved conducting interviews with certain industry participants, competitors, downstream customers and recognised third-party industry associations and (ii) secondary research which involved reviewing company reports, databases of relevant official authorities and Frost & Sullivan's proprietary database established over the past decades. The market forecasts set out in the Frost & Sullivan Report are based on the following key assumptions for the forecast period: (i) the social, economic and political conditions of the global markets discussed will remain stable throughout the forecast period; (ii) government policies relating to the global and Chinese solid-liquid hybrid and all-solid-state battery markets will remain consistent during the forecast period; and (iii) the development of the solid-liquid hybrid battery and all-solid-state battery markets will be driven by the factors described in the Frost & Sullivan Report.

Unless otherwise stated, all data and forecasts presented in this section are derived from the Frost & Sullivan Report. The commissioned report was prepared independently by Frost & Sullivan and was not influenced by the Company or any other interested parties. The Directors confirm that, to the best of their knowledge and after making reasonable enquiries, there has been no material adverse change in market data since the date of the Frost & Sullivan Report that might qualify, contradict or impact the data contained in this section.

LAWS AND REGULATIONS IN THE PRC

This section sets out a summary of certain aspects of laws and regulations of the PRC, which are relevant to the business and operations of our Group.

POLICIES RELATING TO THE INDUSTRY

The industry in which the Company operates belongs to a key sector encouraged by the State for development. According to the *Catalogue for Guiding Industry Restructuring (2024 Version)*, promulgated by the National Development and Reform Commission (the "**NDRC**") on 27 December 2023 and effective from 1 February 2024, the industry in which the Company operates falls under Item 11 "Semi-solid-state and all-solid-state batteries" of "XIX. Light Industry" within the "Category I — Encouraged Category", representing an industry direction explicitly encouraged by national industrial policies.

EV Battery Sector

Under the *New Energy Vehicle Industry Development Plan (2021–2035)* issued by the General Office of the State Council on 20 October 2020 and effective from the same date, the sales volume of new energy vehicles is targeted to reach approximately 20% of the total new vehicle sales by 2025. By 2035, pure electric vehicles are projected to become the mainstream of new vehicle sales, and vehicles in the public sector are to be fully electrified. The plan incorporated solid-state batteries into the national strategy for the first time, explicitly calling for accelerating the R&D and industrialisation of solid-state EV battery technologies.

Pursuant to the *Implementation Plan for Establishing a Carbon Footprint Management System* jointly issued by 15 departments, including the Ministry of Ecology and Environment (the "**MEE**") and the NDRC, on 22 May 2024 and effective from the same date, products such as lithium batteries, new energy vehicles and photovoltaics are listed as key products prioritized for the formulation of carbon footprint accounting rules and standards. The plan also explicitly aimed to advance the formulation of international standards for product carbon footprints in the aforementioned fields.

In accordance with the *Opinions on Accelerating the Comprehensive Green Transformation of Economic and Social Development* jointly issued by the Central Committee of the Communist Party of China (the "**CPC Central Committee**") and the State Council on 31 July 2024 and effective from the same date, vigorous efforts are to be made to develop non-fossil energy, with the aim of increasing the proportion of non-fossil energy consumption to approximately 25% by 2030. Low-carbon transport vehicles are to be promoted. Specifically, the opinions called for the vigorous promotion of new energy vehicles and accelerating the replacement of urban public service vehicles with electric alternatives. By 2030, the carbon emission intensity per unit of converted turnover of operating transport vehicles is targeted to decrease by approximately 9.5% compared to 2020 levels. By 2035, new energy vehicles are expected to become the mainstream of new vehicle sales.

Under the *Action Plan for Doubling the Service Capacity of EV Charging Infrastructure (2025–2027)* jointly issued by six departments, including the NDRC and the National Energy Administration (the "**NEA**"), on 24 September 2025 and effective from the same date, the purchase and use of electric vehicles on a broader scale are encouraged. The plan sets a target to construct 28 million charging facilities nationwide by the end of 2027 to meet the charging needs of over 80 million electric vehicles, thereby doubling the charging service capacity.

Pursuant to the *Notice on Implementing the Action Plan to Promote Green Consumption* jointly issued by nine departments, including the Ministry of Commerce (the "**MOFCOM**") and the NDRC, on 4 January 2026 and effective from the same date, promoting green consumption of vehicles and encouraging consumers to purchase new energy vehicles are designated as key directions for green consumption work during the "15th Five-Year Plan" period.

ESS Battery Sector

Under the *14th Five-Year Plan for Renewable Energy Development*, jointly issued by nine departments including the NDRC and the NEA on 21 October 2021 and effective from the same date, efforts are required to be intensified to achieve breakthroughs in cutting-edge technologies and core technical equipment for renewable energy. R&D was to be conducted to develop and build reserves of high energy density energy storage technologies such as sodium-ion batteries, liquid metal batteries, solid-state lithium-ion batteries, metal-air batteries and lithium-sulfur batteries. The independent market entity status of new energy storage was to be established, and the trading mechanisms and technical standards for energy storage participation in various power markets were to be improved. Furthermore, the diversified functions of energy storage, such as peak shaving, frequency regulation, emergency backup and capacity support, were to be leveraged to promote the application of energy storage across multiple scenarios on the generation side, grid side and customer side.

Pursuant to the *14th Five-Year Plan for a Modern Energy System* and the *Implementation Plan for the Development of New Energy Storage during the 14th Five-Year Plan Period*, jointly issued by the NDRC and the NEA on 29 January 2022 and effective from the same date, the large-scale application of new energy storage technologies is to be accelerated and the application scenarios broadened. The plans targeted that new energy storage should transition from the early-stage commercialization to large-scale development by 2025, and achieve comprehensive market-oriented development by 2030. Efforts were to be concentrated on achieving breakthroughs in next-generation high-energy-density energy storage technologies such as solid-state lithium-ion batteries.

In accordance with the *Action Plan for High-Quality Development of the New Energy Storage Manufacturing Industry* jointly issued by eight departments, including the Ministry of Industry and Information Technology (the "**MIIT**") and the NDRC, on 10 February 2025 and effective from the same date, it is proposed that 3 to 5 energy storage ecosystem-leading enterprises be cultivated by 2027. The plan lists solid-state batteries as a key direction for technical breakthroughs, supports the development of lithium batteries and sodium batteries towards solid-state technologies, and promotes the development of advanced high-safety materials such as highly thermally stable cathode materials, low-expansion anode materials, high-strength and high-temperature-resistant separators, and temperature-sensitive flame-retardant materials.

Under the *Special Action Plan for the Large-Scale Construction of New Energy Storage (2025–2027)* jointly issued by the NDRC and the NEA on 27 August 2025 and effective from the same date, the installed capacity of new energy storage nationwide is targeted to reach over 180 GW by 2027, driving direct investments of approximately RMB250 billion in projects. This is expected to drive new energy storage toward the basic achievement of large-scale and market-oriented development, with technological innovation and equipment manufacturing capabilities maintaining a leading position globally. The plan focuses on high-value application scenarios such as industrial parks, computing facilities and integrated solar-storage-charging-discharging stations, and encourages innovative models such as virtual power plants, smart microgrids and vehicle-grid interaction.

Pursuant to the *Recommendations for Formulating the 15th Five-Year Plan for National Economic and Social Development* issued by the CPC Central Committee on 23 October 2025 and effective from the same date, the State explicitly mandates accelerating the construction of a new energy system, vigorously developing new energy storage, promoting the green and low-carbon transformation of energy consumption, and expediting the improvement of market and pricing mechanisms that adapt to the new energy system.

According to *Carbon Peaking and Carbon Neutrality: China's Plans and Solutions* issued by the State Council Information Office (the "**SCIO**") in November 2025, energy storage is an important foundation for a new-type power system. China is integrating energy storage in all the stages of the power system. It is actively developing "new energy + energy storage", and integrating power source-grid-load-storage, as well as multi-energy complementarity. With a focus on key grid nodes or remote areas, it is establishing rational new energy storage configurations. It also encourages electric vehicles and uninterruptible power supply systems, among others, to participate in system peak shaving and frequency regulation, and promotes the diversified application of technologies, including lithium-ion batteries, flow batteries, compressed air energy storage, gravity energy storage, and flywheel energy storage. By the end of 2024, the installed capacity of new energy storage had reached 73.76 GW/168 GWh. This is 20 times the installed capacity in 2020, and represents more than 40 percent of the global total.

Pursuant to the Outline of the 15th Five-Year Plan for National Economic and Social Development of the PRC issued by the NPC on 13 March 2026 and effective from the same date, the development of strategic emerging industries such as next-generation information technology, new energy, new materials, and intelligent connected new energy vehicles will be accelerated. Innovations in key technologies such as intelligent driving, new-type solar batteries, and new energy storage will be solidly promoted.

LAWS AND REGULATIONS RELATING TO THE ESTABLISHMENT OF COMPANIES

Pursuant to the *PRC Company Law*, as latest amended by the Standing Committee of the National People's Congress (the "**NPCSC**") of the People's Republic of China on 29 December 2023 which came into effect on 1 July 2024, a limited liability company shall be established with capital contributions made by no less than one but no more than 50 shareholders. To establish a joint stock limited company, there shall be no less than one but no more than 200 promoters, of whom more than half must have their domiciles within the PRC. A joint stock company may be established by promotion or stock flotation. The registered capital of a joint stock company shall be the total share capital of the issued shares registered with the company registration authority. Promoters shall make full payment for the shares they have subscribed for prior to the establishment of the company. All shareholders shall pay their respective subscribed capital contributions in full and on time as stipulated in the articles of association.

Under the *Regulations on the Administration of Market Entity Registration of the PRC* issued by the State Council on 27 July 2021 and effective from 1 March 2022, market entities are required to register their establishment, alteration or deregistration. No entity may engage in business operations in the name of a market entity without such registration. Where a market entity changes its registered details, it must apply for alteration registration with the registration authority within 30 days from the date of the resolution or decision on the change, or the occurrence of the statutory change. If the entity fails to complete the alteration registration, the registration authority shall order rectification. If the entity refuses to rectify, a fine of no less than RMB10,000 but no more than RMB100,000 shall be imposed. In serious circumstances, the business licence shall be revoked.

LAWS AND REGULATIONS RELATING TO WORK SAFETY, ENVIRONMENTAL PROTECTION AND ENERGY CONSERVATION REVIEW

Work Safety

Pursuant to the *Work Safety Law of the PRC* (the "**Work Safety Law**"), as latest amended by the NPCSC on 10 June 2021 which came into effect on 1 September 2021, entities engaging in production and business operation activities within the PRC must comply with the *Work Safety Law* and other relevant laws and regulations concerning work safety. Production and business operation entities are required to strengthen work safety management, establish and continually refine the work safety responsibility system and work safety rules and regulations, improve work safety conditions, promote the standardization of work safety, enhance the level of work safety and ensure work safety. The principal person-in-charge of a production and business operation entity shall take full responsibility for the work safety of the entity. Violations of the *Work Safety Law* may result in fines, suspension of production and business operations, or orders to cease production and business operations, depending on the circumstances. Where a crime is committed, criminal liability shall be investigated.

Under the *Measures for the Supervision and Administration of the "Three Simultaneousness" for Safety Facilities of Construction Projects* (the "**Three Simultaneousness Measures for Safety**") issued by the former State Administration of Work Safety (the "former SAWS") on 2 April 2015 and effective from 1 May 2015, and the *Measures for the Supervision and Administration of Work Safety in Construction Projects Involving Hazardous Chemicals* (the "**Measures for Work Safety of Hazardous Chemicals**") issued by the former SAWS on 27 May 2015 and effective from 1 July 2015, the safety facilities of a construction project must be designed, constructed and put into production and use simultaneously with the principal part of the project. Specifically, construction projects for the production or storage of hazardous chemicals are required to complete procedures such as the review of safety conditions. Violations of the *Three Simultaneousness Measures for Safety* and the *Measures for Work Safety of Hazardous Chemicals* may result in fines or orders to stop construction or cease production and business operations for rectification, depending on the circumstances. Where a crime is committed, criminal liability shall be investigated.

Environmental Protection

(i) *Pollutant Discharge Permits*

Pursuant to the *Environmental Protection Law of the PRC* (the "**Environmental Protection Law**"), as latest amended by the NPCSC on 24 April 2014 which came into effect on 1 January 2015, any entity that discharges or will discharge pollutants in the course of its operations or other activities must take effective environmental protection measures to control and properly treat hazardous substances such as waste gas, wastewater, waste residue, dust, malodorous gases, radioactive substances, noise, vibration and electromagnetic radiation generated during such activities. The State implements a pollutant discharge permit management system in accordance with the law.

Under the *Measures for the Administration of Pollutant Discharge Permits*, as latest amended by the MEE on 1 April 2024 which came into effect on 1 July 2024, the *Regulations on the Administration of Pollutant Discharge Permits* issued by the State Council on 24 January 2021 which came into effect on 1 March 2021, and the *Catalogue of Classified Management of Pollutant Discharge Permits for Stationary Pollution Sources* as latest amended by the MEE on 20 December 2019 and effective from the same date, the State implements a classified management system for pollutant discharge permits based on factors such as the amount of pollutants generated and discharged and the environmental impact. This system comprises prioritized management, simplified management and registration management. Enterprises, public institutions and other producers and operators subject to pollutant

discharge permit management are required to discharge pollutants in accordance with the *Regulations on the Administration of Pollutant Discharge Permits*. Entities that have not obtained a pollutant discharge permit are prohibited from discharging pollutants. The competent environmental protection authorities may impose administrative penalties on individuals or enterprises that violate the *Environmental Protection Law*, including fines, orders to make corrections, restrictions on production, suspension of production for rectification, or orders to cease business operations.

(ii) *Environmental Impact Assessment of Construction Projects and Disposal of Solid Waste*

Pursuant to the *Environmental Impact Assessment Law of the PRC*, issued by the NPCSC on 29 December 2018 and effective from the same date, the *Regulations on the Administration of Environmental Protection of Construction Projects*, as amended by the State Council on 16 July 2017 which came into effect on 1 October 2017, the *Interim Measures for the Environmental Protection Acceptance of Construction Projects upon Completion* issued by the former Ministry of Environmental Protection (the "**former MEP**") on 20 November 2017 and effective from the same date, and the *Regulations on the Administration of Environmental Protection of Construction Projects* issued by the State Council on 16 July 2017 which came into effect on 1 October 2017, the PRC implements an environmental impact assessment system for construction projects. Construction entities are required to submit an environmental impact report or environmental impact report form for approval prior to the commencement of construction, or file an environmental impact registration form in accordance with the provisions of the competent authority of environmental protection under the State Council. In addition, upon completion of a construction project for which an environmental impact report or report form is required, the construction entity must conduct an acceptance check of the supporting environmental protection facilities and prepare an acceptance report in accordance with the standards and procedures stipulated by the competent authority under the State Council. For construction projects built, put into production or used in phases, the corresponding environmental protection facilities must undergo acceptance checks in phases. Supporting environmental protection facilities may only be put into production or use after passing the acceptance check. Facilities that have not undergone or have failed the acceptance check are prohibited from being put into production or use.

Under the *Law of the PRC on Prevention and Control of Environmental Pollution by Solid Waste* (the "**Solid Waste Law**"), as latest amended by the NPCSC on 29 April 2020 which came into effect on 1 September 2020, any entity or individual that generates, collects, stores, transports, utilises or disposes of solid waste must take measures to prevent or reduce environmental pollution, and bears responsibility for any pollution caused in accordance with the law. Where solid waste contains hazardous waste, it must be managed as hazardous waste. The *Solid Waste Law* also introduced the extended producer responsibility (EPR) system for products such as EV batteries into law for the first time. The EPR system requires producers of EV batteries to establish a waste product recycling system matching their product sales volume, either through self-construction or entrustment arrangements, marking an important top-level design arrangement for building a comprehensive recycling and treatment system for waste EV batteries.

Regarding the EPR system under the *Solid Waste Law:* (1) the *Interim Measures for the Administration of Recycling and Utilisation of EV Batteries*, jointly issued by eight departments including the MIIT, the Ministry of Science and Technology (the "**MOST**") and the Ministry of Transport (the "**MOT**") on 26 January 2018 and effective from the same date, stipulates that automobile manufacturers bear the primary responsibility for EV battery recycling, while EV battery manufacturers must fulfill corresponding responsibilities in design and production, among other stages. For instance, product designs should adopt standardized, versatile and easily disassemblable structures, and make use of recycled materials wherever possible; in production, EV battery manufacturers must cooperate with automobile manufacturers to code EV batteries in accordance with national standards and timely upload

battery codes and relevant new energy vehicle information via the traceability information system; (2) the *Opinions on Accelerating the Construction of a Waste Recycling System*, issued by the General Office of the State Council on 6 February 2024 and effective from the same date, emphasizes the importance of resource recycling and advocated promoting the recycling of waste EV batteries; (3) the *Specifications for the Comprehensive Utilisation of Waste EV Batteries*, issued by the MIIT on 16 December 2024, refines the technical indicator system, guiding enterprises to strengthen technical innovation and improve processes. Furthermore, standards for the disassembly and coding of waste EV batteries were introduced, regulating the entire process of comprehensive utilisation of new energy vehicles.

(iii) *Prevention and Control of Environmental Pollution*

Pursuant to the *Law of the PRC on Prevention and Control of Water Pollution*, as latest amended by the NPCSC on 27 June 2017 which came into effect on 1 January 2018, enterprises, public institutions and other production and business operators that directly or indirectly discharge into water bodies industrial wastewater, medical sewage, or other wastewater and sewage for which a pollutant discharge permit is required, must obtain such a permit. Furthermore, newly constructed, renovated or expanded construction projects and other water facilities that directly or indirectly discharge pollutants into water bodies must undergo environmental impact assessments in accordance with the law. Water pollution prevention and control facilities must be designed, constructed and put into use simultaneously with the principal part of the project.

Under the *Law of the PRC on Prevention and Control of Atmospheric Pollution*, as latest amended by the NPCSC on 26 October 2018 and effective from the same date, enterprises, public institutions and other production and business operators are required to monitor the industrial waste gas they discharge and the toxic and harmful atmospheric pollutants listed in the catalogue published pursuant to Article 78 of the *Law of the PRC on Prevention and Control of Atmospheric Pollution*, in accordance with relevant national regulations and monitoring specifications. Original monitoring records must be preserved. Enterprises and public institutions discharging industrial waste gas or toxic and harmful atmospheric pollutants listed in the said catalogue, and other entities subject to pollutant discharge permit management, must obtain a pollutant discharge permit. Moreover, enterprises, public institutions and other production and business operators constructing projects that affect the atmospheric environment must conduct environmental impact assessments and disclose the relevant documents in accordance with the law. When discharging pollutants into the atmosphere, they must comply with the atmospheric pollutant discharge standards and observe the total discharge control requirements for key atmospheric pollutants.

Fire Prevention Review

Pursuant to the *Fire Protection Law of the PRC*, as latest amended by the NPCSC on 29 April 2021 and effective from the same date, the emergency management department of the State Council and the emergency management departments of local people's governments at or above the county level shall supervise and administer fire protection work. The fire protection design and construction of construction projects must comply with national fire protection technical standards.

Under the *Interim Provisions on the Administration of Fire Protection Design Review and Acceptance of Construction Projects*, as latest amended by the Ministry of Housing and Urban-Rural Development (the "**MOHURD**") on 21 August 2023 which came into effect on 30 October 2023, special construction projects must undergo fire protection design review and fire protection acceptance. For construction projects other than special construction projects, fire protection acceptance is required to be filed with the competent authorities.

Energy Conservation Review

Pursuant to the *Energy Conservation Law of the PRC*, as latest amended by the NPCSC on 26 October 2018 and effective from the same date, the State implements an energy conservation assessment and review system for fixed asset investment projects. Construction entities are prohibited from commencing construction on projects that do not meet mandatory energy conservation standards. If such projects have already been constructed, they must not be put into production or use. For government investment projects failing to meet mandatory energy conservation standards, the authority responsible for project approval shall not approve the construction.

Under the *Measures for Energy Conservation Review and Carbon Emission Assessment of Fixed Asset Investment Projects*, issued by the NDRC on 17 July 2025 which came into effect on 1 September 2025, the energy conservation review opinion for a fixed asset investment project serves as an important basis for the commencement of construction, completion acceptance and operational management. For government investment projects, the construction entity must obtain an energy conservation review opinion issued by the relevant review authority before submitting the project feasibility study report. For enterprise investment projects, the construction entity must obtain an energy conservation review opinion issued by the review authority prior to commencing construction. Where a project has not undergone or has failed the energy conservation review, the construction entity is prohibited from commencing construction, and any completed facilities must not be put into production or use.

LAWS AND REGULATIONS RELATING TO PRODUCT QUALITY

Pursuant to the *Law of the PRC on the Protection of Consumer Rights and Interests* (the "**Consumer Rights Protection Law**"), as latest amended by the NPCSC on 25 October 2013 which came into effect on 15 March 2014, business operators must guarantee that the goods they sell meet the requirements for personal and property safety, provide consumers with truthful information, and guarantee the quality, function, usage and validity period of the goods. Business operators that violate the *Consumer Rights Protection Law* shall bear civil liabilities including refunding the purchase price, replacing or repairing goods, mitigating damages, providing compensation and restoring reputation. Where the infringement of the legitimate rights and interests of consumers constitutes a crime, the business operator or the responsible person shall be subject to criminal liability.

Under the *Product Quality Law of the PRC*, as latest amended by the NPCSC on 29 December 2018 and effective from the same date, the market supervision and administration department of the State Council is responsible for nationwide product quality supervision. Producers are prohibited from producing or selling products that do not meet the standards and requirements for safeguarding human health and personal and property safety. Products must not pose unreasonable dangers threatening personal and property safety. Where personal or property damage is caused to others due to product defects, the victim may claim compensation from the producer or seller. Producers and sellers of products that do not meet national or industry standards for safeguarding human health and personal and property safety may be ordered to cease production or sales, and may have their products confiscated and/or be fined. Any illegal gains shall be confiscated. In serious circumstances, business licences may be revoked. Where a crime is committed, criminal liability shall be investigated in accordance with the law.

In accordance with the *Civil Code of the PRC* issued by the National People's Congress on 28 May 2020 which came into effect on 1 January 2021, where a product defect causes damage to others, the infringed party may request compensation from the producer or the seller. Where the product defect is caused by the producer, the seller has the right of recourse against the producer after making compensation. Conversely, where the defect is caused by the fault of the seller, the producer has the right of recourse against the seller after making compensation.

LAWS AND REGULATIONS RELATING TO REAL ESTATE MANAGEMENT

Land

Pursuant to the *Land Administration Law of the PRC*, as latest amended by the NPCSC on 26 August 2019 which came into effect on 1 January 2020, and the *Implementing Regulations of the Land Administration Law of the PRC*, as latest amended by the State Council on 2 July 2021 which came into effect on 1 September 2021, land in the PRC is either State-owned or collectively owned. Except for land stipulated by law to be State-owned or land that has been lawfully expropriated as State-owned, all land is collectively owned. Third parties may acquire rights to use State-owned land through means such as grant, allocation, leasing or capital contribution. Such third parties may legally use, benefit from and dispose of the State-owned land use rights within the statutory term of use and the scope of planned usage.

Under the *Interim Regulations of the PRC on Grant and Transfer of Right to the Use of State-owned Urban Land*, as latest amended by the State Council on 29 November 2020 and effective from the same date, and the *Measures for the Disposal of Idle Land* issued by the former Ministry of Land and Resources on 1 June 2012 which came into effect on 1 July 2012, the grant of land use rights refers to the State, in its capacity as land owner, granting land use rights to land users for a certain period, with the land users paying a grant premium to the State. A grant contract must be entered into for the grant of land use rights. Land users are required to develop, utilise and manage the land in accordance with the provisions of the grant contract and urban planning requirements. Where a land user fails to develop or utilise the land in accordance with the time limit and conditions stipulated in the contract, the land administration department shall order rectification. Depending on the circumstances, the department may issue warnings, impose fines or, in extreme cases, recover the land use rights without compensation. If a land user needs to change the land usage stipulated in the grant contract, consent must be obtained from the grantor, and approval must be secured from the land administration department and the urban planning department. A new grant contract must be signed, the grant premium adjusted and registration procedures completed.

In accordance with the *Interim Regulations on Real Estate Registration*, as latest amended by the State Council on 10 March 2024 which came into effect on 1 May 2024, the PRC implements a unified real estate registration system. The competent natural resources authority of the State Council is responsible for guiding and supervising nationwide real estate registration work.

Urban and Rural Planning

Pursuant to the *Urban and Rural Planning Law of the PRC*, as latest amended by the NPCSC on 23 April 2019 and effective from the same date, construction entities or individuals undertaking the construction of buildings, structures, roads, pipelines or other engineering projects within city or town planning areas must apply for a Construction Work Planning Permit from the competent urban and rural planning authority of the city or county people's government, or the town people's government designated by the people's government of provinces, autonomous regions or municipalities directly under the Central Government.

Engineering Construction

Pursuant to the *Construction Law of the PRC*, as latest amended by the NPCSC on 23 April 2019 and effective from the same date, prior to the commencement of construction works, the construction entity must apply for a Construction Permit from the competent construction authority of the people's government at or above the county level in the locality of the project. Small-scale projects below the threshold set by the competent construction administrative authority under the State Council are

exempted. A completed construction project may only be delivered for use after passing an acceptance check. Projects that have not undergone or have failed the acceptance check are prohibited from being delivered for use.

Leased Properties

Under the *Civil Code of the PRC* (the "**Civil Code**"), as amended by the National People's Congress on 28 May 2020 which came into effect on 1 January 2021, owners of real estate or movable property are entitled by law to possess, use, benefit from and dispose of such real estate or movable property. With the consent of the lessor, the lessee may sublease the leased premises to a third party. Where the lessee subleases the premises, the lease contract between the lessee and the lessor remains valid. If the lessee subleases the premises without the lessor's consent, the lessor has the right to terminate the lease.

In accordance with the *Administrative Measures for Commodity Housing Leasing* issued by the MOHURD on 1 December 2010 which came into effect on 1 February 2011, and the *Regulations on Housing Leasing* issued by the State Council on 16 July 2025 which came into effect on 15 September 2025, lessors and lessees are required to complete property lease registration and filing procedures with the competent construction (real estate) authority at the municipal or county level where the leased property is located within 30 days of signing the lease contract. Where parties fail to do so, the competent authority shall order rectification within a prescribed period. If an entity fails to rectify within the time limit, a fine of no less than RMB1,000 but no more than RMB10,000 shall be imposed.

LAWS AND REGULATIONS RELATING TO THE IMPORT AND EXPORT OF GOODS

Filing of Consignees and Consignors of Imported and Exported Goods

Pursuant to the *Customs Law of the PRC*, as latest amended by the NPCSC on 29 April 2021 and effective from the same date, Customs is the State organ responsible for supervision and administration of entry into and exit from the customs territory. It is empowered to supervise inbound and outbound transport vehicles, goods, luggage, postal items and other articles; collect customs duties and other taxes and fees; combat smuggling; compile customs statistics; and handle other customs operations in accordance with relevant laws and administrative regulations. Customs declaration entities refer to consignees and consignors of imported and exported goods and customs declaration enterprises that have filed with Customs. Consignees and consignors of imported and exported goods may handle customs declaration procedures themselves or entrust a customs declaration enterprise to do so.

Pursuant to the *Provisions of the PRC on the Administration of Filing of Customs Declaration Entities* issued by the General Administration of Customs (the "**GACC**") on 19 November 2021 and effective from 1 January 2022, customs declaration entities refer to consignees or consignors of imported or exported goods, or customs declaration enterprises, filed with Customs in accordance with the provisions. Consignees and consignors of imported and exported goods and customs declaration enterprises applying for filing shall obtain market entity qualifications. Under these provisions, consignees and consignors applying for filing were also required to obtain filing as foreign trade operators.

However, pursuant to the *Foreign Trade Law of the PRC*, as latest amended by the NPCSC on 27 December 2025 which came into effect on 1 March 2026, the competent foreign trade authority of the State Council is responsible for nationwide foreign trade work. In addition, this amendment abolishes the requirement for the filing and registration of foreign trade operators.

Inspection Application Procedures

Pursuant to the *Law of the PRC on Import and Export Commodity Inspection*, as latest amended by the NPCSC on 29 April 2021 and effective from the same date, and the *Regulations for the Implementation of the Law of the PRC on Import and Export Commodity Inspection*, as latest amended by the State Council on 29 March 2022 which came into effect on 1 May 2022, the General Administration of Customs of the People's Republic of China (the "**GACC**") is responsible for nationwide import and export commodity inspection work. Its affiliated entry-exit inspection and quarantine authorities conduct inspections on import and export commodities listed in the catalogues, as well as other import and export commodities subject to inspection by such authorities as stipulated by laws and administrative regulations. For import and export commodities other than those subject to the above inspection, the entry-exit inspection and quarantine authorities may conduct random inspections in accordance with national regulations. Import commodities subject to mandatory inspection that have not been inspected are prohibited from being sold or used. Export commodities subject to mandatory inspection that have not been inspected or have failed inspection are prohibited from being exported. Consignees and consignors of import and export commodities may apply for inspection on their own behalf or entrust inspection declaration enterprises to handle the inspection application procedures.

Import and Export Licensing

Pursuant to the *Export Control Law of the PRC* promulgated by the NPCSC on 17 October 2020 which came into effect on 1 December 2020, and the *Regulations of the PRC on the Administration of the Import and Export of Goods* promulgated by the State Council on 10 December 2001 and latest amended on 10 March 2024 which came into effect on 1 May 2024, enterprises engaged in importing goods into or exporting goods from the PRC customs territory must comply with regulations governing the administration of the import and export of goods. Goods classified as prohibited from import or export must not be imported or exported. Goods classified as restricted from import or export are subject to licensing or quota management systems, while goods classified as freely importable or exportable are not subject to such restrictions. A licensing system applies to export-controlled items, including dual-use items, military items, nuclear materials and other goods, technologies, services and items related to safeguarding national security and interests or fulfilling international obligations such as non-proliferation.

LAWS AND REGULATIONS RELATING TO TECHNOLOGY IMPORT AND EXPORT

Pursuant to the *Regulations of the PRC on the Administration of Technology Import and Export* issued by the State Council on 29 November 2020 and effective from the same date, and the *Administrative Measures for the Registration of Technology Import and Export Contracts* issued by the State Council on 1 February 2009 which came into effect on 1 March 2009, exports of technologies under restriction are subject to a licensing system, while exports of technologies not under restriction are subject to contract registration administration.

Pursuant to the *Catalogue of Technologies Prohibited or Restricted from Export of the PRC* jointly issued by the MOFCOM and the MOST on 21 December 2023 and effective from the same date and the *Announcement on the Adjustment and Publication of the Catalogue of Technologies Prohibited or Restricted from Export of the PRC* issued on 15 July 2025 and effective from the same date, preparation technologies for battery cathode materials meeting specific technical indicators have been classified as technologies restricted from export.

LAWS AND REGULATIONS RELATING TO LABOUR, SOCIAL INSURANCE AND HOUSING PROVIDENT FUND

Labour Protection

Pursuant to the *Labour Law of the PRC*, as latest amended by the NPCSC on 29 December 2018 and effective from the same date, the *Labour Contract Law of the PRC*, as latest amended on 28 December 2012 which came into effect on 1 July 2013, and the *Regulations for the Implementation of the Labour Contract Law of the PRC*, as issued on 18 September 2008 and effective from the same date, employers shall enter into written labour contracts when establishing labour relationships with employees. Employers are prohibited from compelling employees to work overtime and must pay overtime wages in accordance with national regulations. Furthermore, employees' wages shall not be lower than the local minimum wage standard and must be paid in a timely manner.

Social Insurance and Housing Provident Fund

Pursuant to the *Social Insurance Law of the PRC*, as latest amended by the NPCSC on 29 December 2018 and effective from the same date, employers in the PRC are required to make contributions to social insurance schemes for their employees, covering basic pension insurance, basic medical insurance, unemployment insurance, maternity insurance and work-related injury insurance. Where an employer fails to pay social insurance contributions in full and on time, the social insurance collection authority shall order it to make payment or make up the shortfall within a prescribed period. A daily late payment surcharge of 0.05% of the outstanding amount shall accrue from the date of default. If payment remains outstanding after the prescribed period, a fine of no less than one time but no more than three times the outstanding amount shall be imposed.

Pursuant to the *Regulations on the Administration of Housing Provident Fund*, as latest amended by the State Council on 24 March 2019 and effective from the same date, employers shall register for housing provident fund contributions with the local housing provident fund management centre within 30 days of employing new staff. Where an employer fails to complete registration or open housing provident fund contribution accounts for its employees, the management centre shall order the employer to make corrections within a prescribed period. Failure to do so may result in a fine of no less than RMB10,000 but no more than RMB50,000. Where an employer fails to make full and timely housing provident fund contributions, the management centre shall order payment within a prescribed period. If payment remains outstanding after such period, the management centre may apply to the People's Court for compulsory enforcement.

According to the Interpretation (II) of the Supreme People's Court on Several Issues Concerning the Application of Law in the Trial of Labor Dispute Cases issued by the Supreme People's Court on July 31, 2025 and effective from September 1, 2025, where an employer and an employee agree, or an employee pledges to the employer, that social insurance premiums need not be paid, the People's Court shall determine such agreement or pledge as void; where an employer fails to pay social insurance premiums in accordance with the law, and the employee requests to terminate the labor contract and demands the employer to pay economic compensation on such basis, the People's Court shall support such request in accordance with the law; where an employer has retroactively paid the social insurance premiums in accordance with the law and requests the employee to return the social insurance compensation already paid, the People's Court shall support such request in accordance with the law.

LAWS AND REGULATIONS RELATING TO INTELLECTUAL PROPERTY

Patents

Pursuant to the *Patent Law of the PRC*, as latest amended by the NPCSC on 17 October 2020 which came into effect on 1 June 2021, the *Rules for the Implementation of the Patent Law of the PRC*, as latest amended by the State Council on 11 December 2023 which came into effect on 20 January 2024, and the *Transitional Measures for the Handling of Examination Operations Related to the Implementation of the Amended Patent Law and Its Implementing Rules* issued by the China National Intellectual Property Administration (the "**CNIPA**") on 21 December 2023 which came into effect on 20 January 2024, patents are divided into three categories: invention patents, utility model patents and design patents. The duration of an invention patent right is 20 years, and the duration of a utility model patent right is 10 years. For design patents, the duration is 10 years if the application date is prior to 1 June 2021, and 15 years if the application date is on or after 1 June 2021. All terms are calculated from the date of application.

Trademarks

Pursuant to the *Trademark Law of the PRC*, as latest amended by the NPCSC on 23 April 2019 which came into effect on 1 November 2019, and the *Regulations for the Implementation of the Trademark Law of the PRC*, as latest amended by the State Council on 29 April 2014 which came into effect on 1 May 2014, trademarks approved and registered by the Trademark Office of the CNIPA are referred to as registered trademarks. The validity period of a registered trademark is 10 years, calculated from the date of approval of registration. Where a registrant intends to continue using the registered trademark upon expiry of the validity period, renewal procedures must be completed in accordance with regulations within 12 months prior to expiration. The validity period of each renewal is 10 years, calculated from the day following the expiration date of the previous validity period.

Copyright

Pursuant to the *Copyright Law of the PRC*, as latest amended by the NPCSC on 11 November 2020 which came into effect on 1 June 2021, works created by PRC citizens, legal persons or unincorporated organisations (defined as intellectual achievements in the fields of literature, art and science that are original and capable of being expressed in a certain form) enjoy copyright protection under the law, regardless of whether they are published. Copyright comprises a range of personal and property rights, including the rights of publication, authorship, alteration, integrity and reproduction. For works created by legal persons or unincorporated organisations, or for works made for hire where the copyright (excluding the right of authorship) is owned by such entities, the term of protection for the right of publication is 50 years, ending on 31 December of the fiftieth year after the completion of the work.

Pursuant to the *Measures for the Registration of Computer Software Copyright* issued by the National Copyright Administration (the "**NCAC**") on 20 February 2002 and effective from the same date, and the *Regulations on Computer Software Protection*, as latest amended by the State Council on 30 January 2013 which came into effect on 1 March 2013, the NCAC is responsible for the nationwide administration of software copyright registration and designates the Copyright Protection Centre of China (CPCC) as the software registration agency. The CPCC issues registration certificates to computer software copyright applicants that comply with the relevant provisions of the *Measures for the Registration of Computer Software Copyright* and the *Regulations on Computer Software Protection*.

Domain Names

Pursuant to the *Administrative Measures for Internet Domain Names* issued by the MIIT on 24 August 2017 which came into effect on 1 November 2017, domain name registration is processed by domain name service agencies established in accordance with relevant regulations, and applicants become domain name holders upon successful registration.

Trade Secrets

Pursuant to the *Civil Code of the PRC* issued by the National People's Congress on 28 May 2020 which came into effect on 1 January 2021, and the *Anti-Unfair Competition Law of the PRC*, as latest amended by the NPCSC on 27 June 2025 which came into effect on 15 October 2025, trade secrets are recognized as objects of intellectual property rights, and trade secrets right holders enjoy exclusive rights over their trade secrets in accordance with the law. A trade secret refers to technical, operational or other commercial information that is not known to the public, has commercial value, and for which the rights holder has taken appropriate confidentiality measures. No entity may acquire, disclose, use or permit others to use a rights holder's trade secrets by improper means, nor may any entity incite, induce or assist others in committing such acts.

LAWS AND REGULATIONS RELATING TO TAXATION

Enterprise Income Tax

The *Enterprise Income Tax Law of the PRC* (the "**EIT Law**"), as latest amended by the NPCSC on 29 December 2018 and effective from the same date, and the *Regulations for the Implementation of the Enterprise Income Tax Law of the PRC*, as latest amended by the State Council on 6 December 2024 which came into effect on 20 January 2025, are the principal laws and regulations governing enterprise income tax in the PRC. Under the *EIT Law* and its implementing regulations, enterprises are classified as resident enterprises and non-resident enterprises. Resident enterprises refer to enterprises established within the PRC in accordance with the law, or established under the laws of foreign countries (regions) but with their de facto management bodies located within the PRC. Non-resident enterprises refer to enterprises established under the laws of foreign countries (regions) with de facto management bodies located outside the PRC, but which have established institutions or establishments within the PRC, or which have not established institutions or establishments within the PRC but derive income from the PRC. A uniform enterprise income tax rate of 25% applies to resident enterprises and to non-resident enterprises that have established institutions or establishments within the PRC in respect of income derived from the PRC, or income generated overseas that is effectively connected with such institutions or establishments. High and new technology enterprises that receive key support from the State are subject to a reduced enterprise income tax rate of 15% upon recognition in accordance with the *Administrative Measures for the Recognition of High and New Technology Enterprises*.

Pursuant to the *Administrative Measures for the Recognition of High and New Technology Enterprises*, as latest amended by the MOST, the Ministry of Finance (the "**MOF**") and the State Taxation Administration (the "**STA**") on 29 January 2016 and effective from 1 January 2016, the validity period of a high and new technology enterprise certificate is three years. Non-resident enterprises that have not established institutions or establishments within the PRC, or that have established institutions or establishments but whose income is not effectively connected with them, are subject to enterprise income tax at a rate of 10% on income derived from the PRC.

Value-Added Tax

Pursuant to the *Value-Added Tax Law of the PRC*, as latest amended by the NPCSC on 25 December 2024 which came into effect on 1 January 2026, and the *Regulations for the Implementation of the Value-Added Tax Law of the PRC*, issued by the State Council on 25 December 2025 which came into effect on 1 January 2026, all entities engaged in the sale of goods, services, intangible assets or immovable property, or in the importation of goods within the PRC are required to pay value-added tax. Unless otherwise provided in the foregoing regulations, the general value-added tax rate applicable to the sale or importation of goods is 13%, 9% and 6%.

Dividend Distribution

Pursuant to the *PRC Company Law*, as latest amended by the NPCSC on 29 December 2023 which came into effect on 1 July 2024, when distributing after-tax profits for the current year, a company shall allocate 10% of such profits to the statutory reserve fund. Allocation may cease once the accumulated balance of the statutory reserve fund reaches 50% or more of the company's registered capital. Where the statutory reserve fund is insufficient to cover losses from previous years, the current year's profits shall be used to offset such losses before making any further appropriation to the statutory reserve fund in according with the preceding paragraph.

Pursuant to the *Individual Income Tax Law of the PRC*, as latest amended by the NPCSC on 31 August 2018 which came into effect on 1 January 2019, and the *Regulations for the Implementation of the Individual Income Tax Law of the PRC*, as latest amended on 18 December 2018 which came into effect on 1 January 2019, dividends distributed by PRC enterprises are subject to individual income tax at a flat rate of 20%. Foreign individuals who are not PRC residents are generally subject to individual income tax at a rate of 20% on dividends derived from PRC enterprises, unless exempted by the taxation authority of the State Council or reduced or exempted pursuant to applicable tax treaties.

Pursuant to the *EIT Law* as latest amended by the NPCSC on 29 December 2018 and effective from the same date, and the *Regulations for the Implementation of the Enterprise Income Tax Law of the PRC*, as latest amended by the State Council on 6 December 2024 which came into effect on 20 January 2025, equity investment income derived by a resident enterprise from direct investment in other resident enterprises is exempt from enterprise income tax. Likewise, equity investment income, such as dividends and bonuses, derived by a non-resident enterprise that has established an institution or establishment within the PRC from a resident enterprise, where such income is effectively connected with that institution or establishment, is exempt from enterprise income tax. The aforementioned equity investment income such as dividend does not include investment income derived from holding publicly offered and listed shares of resident enterprises for a continuous period of less than 12 months.

LAWS AND REGULATIONS RELATING TO FOREIGN INVESTMENT AND FOREIGN EXCHANGE ADMINISTRATION

Foreign Investment

Pursuant to the *PRC Company Law*, as latest amended by the NPCSC on 29 December 2023 which came into effect on 1 July 2024, a company established within the PRC may take the form of a limited liability company or a joint stock company. A company possesses legal person status and independent property. The *Company Law* applies equally to foreign-invested enterprises.

Pursuant to the *Foreign Investment Law of the PRC* issued by the National People's Congress on 15 March 2019 which came into effect on 1 January 2020, and the *Regulations for the Implementation of the Foreign Investment Law of the PRC* issued by the State Council on 26 December 2019 which

came into effect on 1 January 2020, the State implements a management system of pre-establishment national treatment plus a negative list for foreign investment. Foreign investors are prohibited from investing in fields designated as prohibited in the negative list, and for fields designated as restricted, foreign investors shall satisfy the specified investment conditions. Foreign investment in fields outside the negative list is administered in accordance with the principle of equal treatment for domestic and foreign investment. In addition, the competent government authorities, based on the needs of national economic and social development, formulate a catalogue of encouraged industries for foreign investment, specifying the industries, sectors and regions in which foreign investment is encouraged and guided.

The current industry access regulations governing foreign investment activities in the PRC are set out in two catalogues: the *Special Administrative Measures (Negative List) for Foreign Investment Access (2024 Version)* jointly issued by the NDRC and the MOFCOM on 6 September 2024 which came into effect on 1 November 2024, and the *Catalogue of Encouraged Industries for Foreign Investment (2025 Version)* jointly issued by the NDRC and the MOFCOM on 15 December 2025 which came into effect on 1 February 2026. These two catalogues further classify foreign investment industries into three categories: "encouraged", "restricted" and "prohibited". Industries not listed in these categories are generally regarded as the fourth category — "permitted" industries for foreign investment, unless otherwise restricted by other PRC laws and regulations. Pursuant to the *Catalogue of Encouraged Industries for Foreign Investment (2025 Version)*, the manufacturing of EV batteries and ESS batteries falls under the encouraged category.

Pursuant to the *Measures for Foreign Investment Information Reporting* jointly issued by the MOFCOM and the State Administration for Market Regulation (the "**SAMR**") on 30 December 2019 which came into effect on 1 January 2020, foreign investors that directly or indirectly conduct investment activities in the PRC are required to submit investment information to the competent commerce authorities by filing initial, alteration, deregistration and annual reports. Foreign-invested listed companies are only required to report changes in investors and their shareholdings when the cumulative change in the foreign shareholding exceeds 5%, or when such change results in a variation in foreign control or relative control status.

Foreign Exchange Administration

Pursuant to the *Regulations of the PRC on Foreign Exchange Administration*, issued by the State Council on 5 August 2008 and effective from the same date, except as otherwise provided by law or regulation, the circulation of foreign currency is prohibited within the PRC, and the pricing or settlement of transactions in foreign currency is not permitted. Foreign exchange is classified into current account items and capital account items. International payments and transfers under the current account (such as the payment of dividends or interest) are not subject to restriction. Current account items refer to transactions in the balance of payments involving goods, services, income and current transfers. Foreign exchange expenditures under the current account shall be made with self-owned foreign exchange or with foreign exchange purchased from financial institutions authorized to conduct settlement and sale of foreign exchange, upon presentation of valid supporting documents and in accordance with the provisions of the foreign exchange administration authority under the State Council regarding foreign exchange payment and settlement. Domestic institutions and individuals engaging in outbound direct investment or the issuance and trading of overseas securities or derivatives shall register in accordance with the requirements of the foreign exchange administration authority under the State Council.

Pursuant to the *Notice on Issues Concerning the Foreign Exchange Administration of Overseas Listings* issued by the State Administration of Foreign Exchange (the "**SAFE**") on 26 December 2014 and effective from the same date, a domestic company shall register its overseas listing with the local

foreign exchange bureau at its place of registration within 15 working days after the completion of its overseas offering. Proceeds raised from the overseas listing by the domestic company may be repatriated to the PRC or deposited overseas, and the use of proceeds shall be consistent with the disclosures in the document and other publicly disclosed documents.

Pursuant to the *Notice on Further Simplifying and Improving the Foreign Exchange Administration Policies for Direct Investment* issued by the SAFE on 13 February 2015 and effective from 1 June 2015 (partially abolished in December 2019), banks are authorized to directly review and process foreign exchange registration for overseas direct investment, while the SAFE and its branches exercise indirect supervision over such foreign exchange registration and review through the banks.

Pursuant to the *Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Administration Policies for the Settlement of Foreign Exchange under Capital Accounts*, issued by the SAFE on 9 June 2016 and partially revised on 4 December 2023, the foreign exchange income under the capital accounts of domestic institutions is subject to the policy of discretionary foreign exchange settlement. This allows foreign exchange income under capital accounts subject to discretionary settlement based on relevant policies (including foreign exchange capital, foreign debt funds, and repatriated funds from overseas listings) to be settled at banks based on the actual operational needs of domestic institutions. The discretionary settlement ratio of foreign exchange income under the capital accounts of domestic institutions is tentatively set at 100%, but the SAFE may adjust the aforementioned ratio from time to time based on balance of payments conditions. While implementing discretionary settlement of foreign exchange income under the capital accounts, domestic institutions may still choose to use their foreign exchange income under the payment-based settlement system. However, when processing each settlement transaction under the payment-based settlement principle, banks shall verify the authenticity and compliance of the domestic institution's use of funds from the previous settlement. The foreign exchange income under the capital accounts of domestic institutions and the RMB proceeds from the settlement of such income may be used for current account expenditures within the scope of their business operations and capital account expenditures permitted by laws and regulations, but shall not be used for expenditures outside the scope of the enterprise's business operations or those prohibited by national laws and regulations.

Pursuant to the *Notice on Optimizing Foreign Exchange Administration to Support the Development of Foreign-related Business* issued by the SAFE on 10 April 2020 and effective from the same date, provided that the use of funds is genuine, compliant, and meets current administrative regulations on the use of capital account income, eligible enterprises are permitted to use capital account income (such as registered capital, foreign debt, and proceeds from overseas listings) for domestic payments without prior submission of authenticity documentation on a transaction-by-transaction basis to the bank. The handling banks shall conduct post-transaction spot checks in accordance with relevant requirements.

Pursuant to the *Guidelines for Foreign Exchange Business under the Capital Account (2024 Version)* issued by the SAFE on 3 April 2024 which came into effect on 6 May 2024, proceeds raised from overseas listings by domestic companies shall, in principle, be repatriated to the PRC in a timely manner, and may be repatriated in RMB or foreign currency. The use of proceeds shall be consistent with the disclosures in publicly disclosed documents such as the document, corporate bond offering memorandum, shareholders' circular and resolutions of the board of directors or shareholders' meeting. The use of proceeds raised from overseas listings by domestic companies to carry out activities such as overseas direct investment, overseas securities investment, and offshore lending shall comply with relevant foreign exchange administration regulations.

LAWS AND REGULATIONS RELATING TO ANTI-UNFAIR COMPETITION

Pursuant to the *Anti-Unfair Competition Law of the PRC* (the "**Anti-Unfair Competition Law**"), as latest amended by the NPCSC on 27 June 2025 which came into effect on 15 October 2025, business operators shall adhere to the principles of voluntariness, equality, fairness and integrity in market transactions, and comply with laws and business ethics. According to the *Anti-Unfair Competition Law*, acts of unfair competition refer to conduct by business operators in their production and business activities that violates the provisions of the *Anti-Unfair Competition Law*, disrupts the order of market competition and infringes upon the lawful rights and interests of other business operators or consumers. Supervision and inspection authorities are empowered to investigate suspected acts of unfair competition and may take measures such as conducting inspections, questioning parties, reviewing and copying documents, or sealing and seizing property. Business operators that violate the *Anti-Unfair Competition Law* shall bear civil, administrative or criminal liability, depending on the circumstances.

LAWS AND REGULATIONS RELATING TO ANTI-MONOPOLY

Pursuant to the *Anti-Monopoly Law of the PRC* (the "**Anti-Monopoly Law**"), as latest amended by the NPCSC on 24 June 2022 which came into effect on 1 August 2022, the *Anti-Monopoly Law* applies to monopolistic conduct in economic activities within the PRC, as well as to monopolistic conduct outside the PRC that has the effect of eliminating or restricting competition in the domestic market. Monopolistic conduct under the *Anti-Monopoly Law* includes the conclusion of monopoly agreements by business operators, the abuse of a dominant market position, and concentrations of undertakings that have or may have the effect of eliminating or restricting market competition. The authority designated by the State Council to be responsible for anti-monopoly enforcement shall perform such duties in accordance with the provisions of the *Anti-Monopoly Law*. Based on operational needs, this anti-monopoly enforcement authority designated by the State Council may authorize the corresponding agencies of the people's governments of provinces, autonomous regions and municipalities directly under the Central Government to undertake relevant anti-monopoly enforcement work. Business operators that violate the *Anti-Monopoly Law* may be subject to fines, confiscation of illegal gains, and orders to cease illegal conduct, as imposed by the anti-monopoly enforcement authority.

REGULATIONS RELATING TO OVERSEAS SECURITIES OFFERING AND LISTING BY DOMESTIC COMPANIES

Pursuant to the *PRC Securities Law*, as latest amended by the NPCSC on 28 December 2019 which came into effect on 1 March 2020, the PRC securities market is comprehensively regulated, covering securities offering and trading, listed companies, stock exchanges, acquisitions of securities companies and the duties of securities regulatory authorities. The *Securities Law* further stipulates that domestic enterprises directly or indirectly offering securities or listing securities overseas shall comply with relevant provisions of the State Council. Specific measures for the subscription and trading of shares of domestic companies using foreign currency shall be separately prescribed by the State Council. The China Securities Regulatory Commission (the "**CSRC**") is the securities supervision and administration authority established under the State Council and is responsible for supervising and regulating the securities market, maintaining market order and ensuring lawful market operation. Currently, the offering and trading of H shares are primarily governed by the rules and regulations issued by the State Council and the CSRC.

On 17 February 2023, the CSRC issued regulations on the filing-based administration of overseas offering and listing by domestic companies, including the *Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies* and five supporting guidelines (collectively, the "**Overseas Listing Trial Measures**"). Under the *Overseas Listing Trial Measures*, domestic companies

that directly or indirectly offer and list securities in overseas markets shall file the required documents with the CSRC within three working days following the submission of their overseas listing applications.

Pursuant to the *Overseas Listing Trial Measures*, overseas offering and listing are prohibited under any of the following circumstances: (i) where such offering or financing is explicitly prohibited by laws, administrative regulations or relevant national provisions; (ii) where the overseas offering and listing may endanger national security as determined by the competent authorities of the State Council in accordance with the law; (iii) where the domestic enterprise, its controlling shareholder or actual controller has, within the past three years, committed criminal offences involving corruption, bribery, embezzlement, misappropriation of property or disruption of the socialist market economy order; (iv) where the domestic enterprise is currently under investigation for suspected crimes or material violations of laws and regulations, and no conclusive opinion has yet been rendered; (v) where material ownership disputes exist with respect to the equity held by the controlling shareholder or by shareholders controlled by the controlling shareholder or actual controller.

Furthermore, under the *Overseas Listing Trial Measures*, issuers shall submit a report to the CSRC within three working days following the occurrence and public disclosure of any of the following circumstances after offering and listing securities in an overseas market: (i) a change in control; (ii) being subject to investigation, sanction or other measures imposed by overseas securities regulatory authorities or other competent authorities; (iii) a change in listing status or board; or (iv) voluntary or mandatory delisting. Domestic companies conducting overseas offerings and listings shall strictly comply with relevant laws, administrative regulations and provisions concerning foreign investment, cybersecurity, data security and other matters related to national security, and shall faithfully fulfil their obligations to safeguard national security.

Pursuant to the *Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies* jointly issued by the CSRC and other relevant authorities on 24 February 2023 and effective from 31 March 2023, domestic enterprises, as well as securities companies and securities service providers providing relevant services for overseas offering and listing activities, shall strictly comply with applicable PRC laws and regulations and the requirements set out in these Provisions. They shall enhance their legal awareness of maintaining State confidentiality and strengthening archives administration, establish and improve internal systems for confidentiality and archives management, and take necessary measures to implement their confidentiality and archives administration responsibilities. They shall not disclose State secrets or the work secrets of State organs, nor jeopardize national or public interests. Where domestic enterprises provide or publicly disclose documents or materials involving State secrets or the work secrets of State organs to securities companies, securities service institutions, overseas regulatory authorities or other entities and individuals, or provide or publicly disclose such materials through their overseas listing entities, they shall obtain approval from the competent authorities with approval power in accordance with the law and file with the confidentiality administrative authority at the same level.

LAWS AND REGULATIONS RELATING TO THE FULL CIRCULATION OF H SHARES

Pursuant to the *Guidelines for the Application for the Full Circulation of the Domestic Unlisted Shares of H Share Companies* issued by the CSRC on 10 August 2023 and effective from the same date, "full circulation" refers to the listing and trading on the Hong Kong Stock Exchange of the domestic unlisted shares of H share companies. This includes domestic unlisted shares held by domestic shareholders prior to overseas listing, domestic unlisted shares newly issued after overseas listing, and unlisted shares held by foreign shareholders. Subject to compliance with relevant laws, regulations and policy requirements concerning state-owned asset management, foreign investment and industry

supervision, shareholders holding domestic unlisted shares may independently negotiate and determine the number and proportion of shares to be circulated, and entrust the H share company to file with the CSRC. Unlisted domestic joint stock companies may file for "full circulation" with the CSRC concurrently with their initial public offering and listing overseas.

Pursuant to the *Implementing Rules for H Share "Full Circulation" Business* jointly issued by the China Securities Depository and Clearing Corporation Limited (CSDCC) and the Shenzhen Stock Exchange on 31 December 2019 and effective from the same date, shareholders applying to participate in H share "full circulation" (the "**Participating Shareholders**") shall complete cross-border transfer registration for the conversion of the relevant unlisted shares into H shares prior to trading. Specifically, the CSDCC, as the nominal holder, shall deposit the relevant securities held by the Participating Shareholders with China Securities Depository and Clearing (Hong Kong) Company Limited (CSDC Hong Kong). CSDC Hong Kong shall then deposit such securities in its own name with HKSCC and shall exercise the rights relating to the securities issuer through HKSCC. Consequently, HKSCC Nominees Limited, as the ultimate nominal shareholder, shall be registered as a shareholder on the register of members of the H share listed company.

OVERVIEW

Our history can be traced back to 2014, when our founding team, including Dr. Feng, Dr. Li, Dr. Nan and Ms. Yang, established Jiangsu Qingtao, focusing on lithium battery material research. Building on the progress and achievements in the research and development of Jiangsu Qingtao, our Company was subsequently established, with a focus on the industrialization and commercialization of solid-state batteries. After years of development, we have translated our technology capabilities into commercial deployment across both EV and ESS markets. We were the world's largest manufacturer of solid-liquid hybrid and all-solid-state batteries by shipment volume in 2025, according to Frost & Sullivan. We are also one of the very few solid-state battery companies to have achieved tangible commercial deployment using organic-inorganic composite solid electrolytes in our battery architecture, according to Frost & Sullivan.

MILESTONES

The following is a summary of our key business development milestones since the commencement of our business:

Time	Milestone
2014	Jiangsu Qingtao, currently a wholly-owned subsidiary of our Company, was established in the PRC.
2016	Our Company was established in the PRC.
2018	We established one of the world's earliest commercial production lines for solid-liquid hybrid batteries.
2020	We completed the construction of our first production line for vehicle-grade solid-liquid hybrid battery cells, marking our entry into vehicle-grade manufacturing.
2021	We completed vehicle validation of an ultra-high energy density solid-state battery, achieving a driving range of 1,083 km, together with SAIC Motor.
2023	Our Company entered into a capital increase and share expansion agreement and a strategic cooperation framework agreement with SAIC Group, further deepening a long-term, win-win strategic partnership between us.
2024	We completed our first EV battery production line with delivery capacity of over 3 GWh, and commenced mass production of EV batteries.
2025	We are the sole battery supplier of the world's largest solid-liquid hybrid battery energy storage station, located in Wuhai, Inner Mongolia, with a capacity of 800 MWh, demonstrating our ability to deliver large-scale commercial deployment.
2026	As of the Latest Practicable Date, we had delivered over 16,800 units of our solid-state battery products across more than 30 passenger and commercial vehicle models from well-known automotive OEM brands.

OUR MAJOR SUBSIDIARIES

Set forth below are details of our major subsidiaries which made a material contribution to our results of operations during the Track Record Period or otherwise are strategically important to us. All of our major subsidiaries below were established in the PRC.

Name of subsidiary	Date of establishment and commencement of business	Principal businesses
Suzhou Qingtao New Energy Technology Co., Ltd. (蘇州清陶新能源科技有限公司)	August 22, 2016	Research and development, production and sales of batteries
Suzhou Qingtao Power Technology Co., Ltd. (蘇州清陶動力科技有限公司)	March 10, 2021	Production and sales of batteries
Qingtao Power Technology (Shanghai) Co., Ltd. (清陶動力科技(上海)有限公司)	November 2, 2023	Research and development, production and sales of batteries

Name of subsidiary	Date of establishment and commencement of business	Principal businesses
Taizhou Qingtao Energy Technology Co., Ltd. (台州清陶能源科技有限公司)	November 30, 2022	Research and development, production and sales of batteries
Chengdu Qingtao New Energy Technology Co., Ltd. (成都清陶新能源科技有限公司)	September 8, 2022	Research and development, production and sales of batteries
Jiangsu Qingtao Energy Technology Co., Ltd. (江蘇清陶能源科技有限公司)	May 21, 2014	Research and development, production and sales of new materials
Qingtao (Wuhai) Energy Technology Co., Ltd. (清陶(烏海)能源科技有限公司)	November 23, 2023	Research and development, production and sales of new materials and batteries
Huizhou Xinxinhui Automatic Equipment Co., Ltd. (惠州市新鑫輝自動化設備有限公司)	June 22, 2016	Research and development, production and sales of automatic equipment

For capital changes of our major subsidiaries during the two years immediately preceding the date of this Document, please refer to "Statutory and General Information — Further Information about Our Company — Changes in the Share Capital of Our Subsidiaries" in Appendix IV to this Document.

MAJOR SHAREHOLDING CHANGES IN THE COMPANY

(1) Establishment of our Company

On June 13, 2016, our Company was established in Kunshan City of Jiangsu Province as a limited liability company with an initial registered capital of RMB10 million. Dr. Feng, Dr. Li, Dr. Nan and Ms. Yang held 33%, 32%, 20% and 15% of the registered capital of our Company, respectively.

(2) Pre-[REDACTED] Investments

From September 2016 to March 2026, there were several capital increase and equity transfers conducted by or between our Pre-[REDACTED] Investors pursuant to the agreements they entered. For further details, please refer to "— Pre-[REDACTED] Investments" below.

(3) Conversion into a joint stock company with limited liability

On January 8, 2021, our the then Shareholders resolved to approve the conversion of our Company from a limited liability company into a joint stock company with limited liability. Upon completion of such conversion on January 29, 2021 and as of the Latest Practicable Date, the registered capital of our Company was RMB587,375,868, and our shareholding structure is as detailed in "— Capitalization" below.

MAJOR ACQUISITIONS, MERGERS AND DISPOSALS

Throughout the Track Record Period and up to the Latest Practicable Date, we did not conduct any material acquisitions, mergers or disposals.

EMPLOYEE SHAREHOLDING PLATFORMS

In recognition of the contributions of our employees and to incentivize them to further promote our development, Kunshan Heshi and Kunshan Qingchuang were established as our Employee Shareholding Platforms in the PRC in December 2019.

As of the Latest Practicable Date, all of the awards under Kunshan Heshi and Kunshan Qingchuang have been granted and vested, and as a result, the grantees held the partnership interest in Kunshan Heshi and Kunshan Qingchuang.

The general partner of Kunshan Heshi is Dr. Feng, holding 0.01% partnership interests. [REDACTED] Kunshan Heshi has 39 limited partners and Kunshan Qingchuang has 32 limited partners, none of which holds 30% or more of its partnership interests therein. Save as disclosed below, there are no connected persons and senior management members of our Company who are limited partners of Kunshan Heshi and Kunshan Qingchuang:

The following persons are interested in Kunshan Heshi as limited partners as follows: (i) Mr. He Hongcai (何泓材), the deputy general manager of our Company and a director of a subsidiary of our Company, holding 27.36% partnership interests; (ii) Mr. Shi Zhan (施展), a director of a subsidiary of our Company, holding 27.05% partnership interests; (iii) Ms. Li Ying (李穎), spouse of Mr. Shi Zhan and our employee, holding 8.31% partnership interests; and (iv) Ms. Zeng Yi (曾儀), spouse of Mr. He Hongcai and our employee, holding 8.31% partnership interests. The following persons are interested in Kunshan Qingchuang as limited partners as follows: (i) Mr. He Hongcai (何泓材), the deputy general manager of our Company and a director of a subsidiary of our Company, holding 16.53% partnership interests; (ii) Mr. Chen Kai (陳凱), a director of a subsidiary of our Company, holding 15.50% partnership interests; (iii) Mr. Shi Zhan (施展), a director of a subsidiary of our Company, holding 14.47% partnership interests; (iv) Mr. Ye Xinlin (葉鑫林), a director of a subsidiary of our Company, holding 13.48% partnership interests; (v) Mr. He Zhaoling (何朝凌), our executive Director, holding 3.62% partnership interests; (vi) Mr. Qian Liangjun (錢良俊), a supervisor of a subsidiary of our Company, holding 2.58% partnership interests; (vii) Ms. Gao Lina (高麗娜), our Board secretary, holding 2.07% partnership interests; and (viii) Mr. Wang Minghui (王明輝), a supervisor of a subsidiary of our Company, holding 1.03% partnership interests.

EMPLOYEE INCENTIVE PLAN

An Employee Incentive Plan was adopted on December 21, 2024 and amended on December 20, 2025. For details and principal terms of the Employee Incentive Plan, see "Statutory and General Information."

CONCERT PARTY AGREEMENT

Dr. Feng, Dr. Li, Dr. Nan and Ms. Yang first entered into the Concert Party Agreement on November 25, 2017 and such agreement was reconfirmed on June 5, 2019, pursuant to which, among others, they agreed to reach consensus on matters requiring decisions prior to the convening of the Board meeting or the Shareholders' meeting, and to cast consistent votes at such meetings. In the event that the parties fail to reach consensus, they shall vote in accordance with the opinion of Dr. Feng at the Board meeting or the Shareholders' meeting.

A-SHARE LISTING ATTEMPT

In November 2021, we entered into a tutoring agreement with China Merchants Securities Co., Ltd. (招商證券股份有限公司) (the "**Tutoring Agreement**") in connection with a proposed A-share listing and made a preliminary tutoring filing (上市輔導備案) (the "**Preliminary Filing**") with Jiangsu Supervision Bureau of China Securities Regulatory Commission (中國證券監督管理委員會江蘇監管局). Having taken into account our long-term business development plan and financing needs for our further development, and to expand our global business and considering that the Stock Exchange would provide us with an international platform to access foreign capital and attract diverse overseas [REDACTED], we voluntarily decided to pursue a [REDACTED] in Hong Kong. As of the Latest Practicable Date, we have not submitted any formal listing application in relation to the proposed A-share listing. Our Directors confirm that, to their best knowledge, there are no other material matters relating to the A-share listing attempt which are relevant to the [REDACTED] and are necessary to be disclosed in this Document for [REDACTED] to form an informed assessment of our Company.

Based on the above, and the independent due diligence work of the Joint Sponsors, nothing has come to the attention of the Joint Sponsors that would reasonably cause them to cast doubt on the reasonableness of our Directors' view stated above.

PRE-[REDACTED] INVESTMENTS

Overview

We have undergone the following rounds of Pre-[REDACTED] Investments, details of which are set forth below.

Round	Form of Investment	Date of agreement	Date of Full Settlement of Consideration	Pre-[REDACTED] Investors[1]	Registered Capital/Number of Shares Subscribed For	Total consideration	Cost per Share[2] (approximation)	[REDACTED] to the [REDACTED][3] (approximation)
Round A	Subscription of registered share capital	September 1, 2016	September 20, 2016	Shanghai FreeS Venture Capital Center (Limited Partnership) (上海峰瑞創業投資中心(有限合夥)) ("**Shanghai FreeS**")	RMB2,500,000	RMB16,000,000	RMB0.30	[REDACTED]%
Round B	Subscription of registered share capital	November 1, 2016	November 9, 2016	Shanghai FreeS Chongqing Fengrui Excellent Phase I Equity Investment Fund Partnership (Limited Partnership) (重慶峰瑞卓越一期股權投資基金合夥企業(有限合夥)) ("**Chongqing Fengrui I**")	RMB1,388,889	RMB40,000,000	RMB1.37	[REDACTED]%
Round C	Subscription of registered share capital	November 7, 2017	December 5, 2017	Shanghai FreeS Chongqing Juze Enterprise Management Consulting Co., Ltd. (重慶聚澤企業管理諮詢有限公司) ("**Chongqing Juze**")[4] Chongqing Fengrui I Chongqing Qinkai Enterprise Management Co., Ltd. (重慶勤凱企業管理有限公司) ("**Chongqing Qinkai**")[4] Qingkong Yinxing Nantong Venture Capital Fund Partnership (Limited Partnership) (清控銀杏南通創業投資基金合夥企業(有限合夥)) ("**Qingkong Yinxing**") (formerly known as Small and medium-sized enterprise development fund (Jiangsu Nantong Limited Partnership) (中小企業發展基金(江蘇南通有限合夥))) Shanghai Shouye Junjing Investment Center (Limited Partnership) (上海首業君京投資中心(有限合夥))	RMB2,950,988	RMB200,000,000	RMB3.22	[REDACTED]%
Round D	Subscription of registered share capital	June 21, 2019	July 2, 2019	Bank of China Investment Asset Management Co., Ltd (中銀投資資產管理有限公司) ("**BOC Investment**") Kunshan Fengrui Equity Investment Center (Limited Partnership) (昆山峰瑞股權投資中心(有限合夥)) Chengdu Fengrui Tiantou Venture Capital Center (Limited Partnership) (成都峰睿天投創業投資中心(有限合夥)) Shenzhen Anpeng Intelligent Investment Fund Enterprise (Limited Partnership) (深圳安鵬智慧投資基金企業(有限合夥))	RMB981,702	RMB132,000,000	RMB6.40	[REDACTED]%
Round E	Subscription of registered share capital	December 25, 2019	April 2, 2020	Kunshan Qingchuang Yichun Anpeng Entrepreneurship Equity Investment Center (Limited Partnership) (宜春市安鵬創業股權投資中心(有限合夥)) Kunshan Guoke Venture Capital Co., Ltd. (昆山市國科創業投資有限公司) Kunshan Heshi	RMB1,438,722	RMB175,808,803	RMB10.67	[REDACTED]%

Round	Form of Investment	Date of agreement	Date of Full Settlement of Consideration	Pre-[REDACTED] Investors[1]	Registered Capital/Number of Shares Subscribed For	Total consideration	Cost per Share[2] (approximation)	[REDACTED] to the [REDACTED][3] (approximation)
	Subscription of registered share capital	May 21, 2020	June 1, 2020	Jiaxing Qijun No.1 Equity Investment Partnership (Limited Partnership) (嘉興頎駿一號股權投資合夥企業(有限合夥)) ("**Jiaxing Qijun No.1**") Kunshan Kunkai Chuangyue Asset Management Co., Ltd. (昆山昆開創越資產管理有限公司) Huaian Huaishang Yingcai Venture Capital Co., Ltd. (淮安市淮上英才創業投資有限公司) Shanghai Yangtze River Delta Industrial Upgrading Equity Investment Partnership (Limited Partnership) (上海長三角產業升級股權投資合夥企業(有限合夥)) ("**YRD Investment**") Taizhou Shangqi Qifeng Equity Investment Partnership (Limited Partnership) (台州尚頎豐股權投資合夥企業(有限合夥)) ("**Shangqi Qifeng**")	RMB906,673	RMB203,500,000	RMB10.67	[REDACTED]%
	Subscription of registered share capital	August 26, 2020	August 28, 2020	Xinyu Guangxin Chuangdian Equity Investment Consulting Center (Limited Partnership) (新餘廣新創電股權投資諮詢中心(有限合夥))	RMB356,432	RMB80,000,000	RMB10.67	[REDACTED]%
Round F	Subscription of our shares	February 4, 2021	March 1, 2021	Qingdao Xinding Kenge No. 16 Equity Investment Partnership (Limited Partnership) (青島新鼎峙哥拾陸股權投資合夥企業(有限合夥)) ("**Kenge No.16**") Shanghai Science and Technology Innovation Center No. 1 Equity Investment Fund Partnership (Limited Partnership) (上海科創中心壹號股權投資基金合夥企業(有限合夥)) Kunshan Kesen Technology Co., Ltd. (昆山科森科技股份有限公司) Shanghai Bofu Investment Partnership (Limited Partnership) (上海博福投資合夥企業(有限合夥)) ("**Shanghai Bofu**") Nanjing Fengrui Qihang Dejian Science and Technology Innovation Investment Partnership (Limited Partnership) (南京峰瑞啟航德見科創投資合夥企業(有限合夥)) Quanzhou Fengrui Equity Investment Partnership (Limited Partnership) (泉州市峰睿股權投資合夥企業(有限合夥))	1,130,000 Shares	RMB226,000,000	RMB23.17	[REDACTED]%
	Subscription of our shares	July 31, 2021	August 20, 2021	Huzhou Dinghui Qingtao Enterprise Management Partnership (Limited Partnership) (湖州鼎匯清陶企業管理合夥企業(有限合夥)) Beijing Benxin Phase II Investment Center (Limited Partnership) (北京本芯二期投資中心(有限合夥)) ("**Benxin II**") Foshan Hegao Zhixing No. 3 Equity Investment Center (Limited Partnership) (佛山市和高智行三號股權投資中心(有限合夥)) ("**Zhixing No. 3**")	415,000 Shares	RMB83,000,000	RMB23.17	[REDACTED]%

Round	Form of Investment	Date of agreement	Date of Full Settlement of Consideration	Pre-[REDACTED] Investors[1]	Registered Capital/Number of Shares Subscribed For	Total consideration	Cost per Share[2] (approximation)	[REDACTED] to the [REDACTED][3] (approximation)
	Subscription of our shares	December 30, 2021	June 17, 2022	Shenzhen Anpeng Zhiyuan Investment Partnership (Limited Partnership) (深圳市安鵬致遠投資合夥企業(有限合夥)) Jiaxing Qijun No.1 YRD Investment Jiaxing Chuangrong Equity Investment Partnership (Limited Partnership) (嘉興創榮股權投資合夥企業(有限合夥)) Foshan Hegao Zhixing No. 9 Equity Investment Center (Limited Partnership) (佛山市和高智行九號股權投資中心(有限合夥)) ("**Zhixing No. 9**") China Life (Shenzhen) Technology Innovation Private Equity Investment Fund Partnership (Limited Partnership) (國壽(深圳)科技創新私募股權投資基金合夥企業(有限合夥)) Binquan Shuangyu (Suzhou) Equity Investment Partnership (Limited Partnership) (連泉雙禹(蘇州)股權投資合夥企業(有限合夥)) Kenge No.87	2,850,000 Shares	RMB570,000,000	RMB23.17	[REDACTED]%
Round G	Subscription of our shares	November 28, 2022	December 16, 2022	Taizhou Huarui New Energy Venture Capital Partnership (Limited Partnership) (台州華睿新能創業投資合夥企業(有限合夥)) Chengdu Juancheng High-tech Industry Investment Development Co., Ltd. (成都鵑城高新技術產業投資發展有限公司) (formerly known as Chengdu Juancheng Financial Holdings Co., Ltd. (成都鵑城金控控股有限公司)) Suzhou Qingshan Zhiyuan Venture Capital Partnership (Limited Partnership) (蘇州清山智遠創業投資合夥企業(有限合夥))	1,686,245 Shares	RMB620,000,000	RMB42.60	[REDACTED]%
	Subscription of our shares	June 6, 2023	June 27, 2023	Jiaxing Chuangqi Venture Capital Partnership (Limited Partnership) (嘉興創碁創業投資合夥企業(有限合夥)) Jiaxing Qijun No.1	63,375,364 Shares	RMB2,700,000,000	RMB42.60	[REDACTED]%
Round H	Subscription of our shares	December 31, 2025	January 27, 2026	Zhejiang Yongning Equity Investment Fund Co., Ltd. (浙江永寧股權投資基金有限公司) Kunshan Yizhen Equity Investment Partnership (Limited Partnership) (昆山屹真股權投資合夥企業(有限合夥)) Sichuan Green and Low Carbon Industry Development Fund Partnership (Limited Partnership) (四川省綠色低碳產業發展基金合夥企業(有限合夥)) Sichuan Tongchuang Zhiyuan Enterprise Management Center (Limited Partnership) (四川同創致遠企業管理中心(有限合夥)) Suzhou Major Industrial Development Private Equity Investment Fund Partnership (Limited Partnership) (蘇州市重大產業發展私募投資基金合夥企業(有限合夥))	29,474,057 Shares	RMB1,400,000,000	RMB47.50	[REDACTED]%
	Subscription of our shares	February 26, 2026	February 28, 2026	Sichuan Chengdu Industrial Investment Electronic Information Major Industrialization Project Equity Investment Fund Partnership (Limited Partnership) (四川省成都市產投電子信息重大產業化項目股權投資基金合夥企業(有限合夥)) Taizhou Daode Xinhang Equity Investment Partnership (Limited Partnership) (泰州市道得新航股權投資合夥企業(有限合夥)) Shanghai Jiading Zhanxing Anxin Private Equity Investment Fund Partnership (Limited Partnership) (上海嘉定戰興安欣私募投資基金合夥企業(有限合夥))	10,526,447 Shares	RMB500,000,000	RMB47.50	[REDACTED]%

Notes:

(1) For the details of the Pre-[REDACTED] Investors, see "— 5. Information of our major Pre-[REDACTED] Investors" below.

(2) The cost per Share paid by the Pre-[REDACTED] Investors was calculated based on the amount of investment made by the relevant Pre-[REDACTED] Investors and number of Shares held by them immediately before the completion of the [REDACTED], which was adjusted to reflect the subsequent conversion of capital reserve to registered share capital of our Company.

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

(4) Each of Chongqing Juze and Chongqing Qinkai was owned as to 90% by Song Xiaoping (宋曉平) and 10% by Chen Yaqin (陳亞勤). Chongqing Juze and Chongqing Qinkai were deregistered in December 2020.

(5) Pursuant to a share transfer agreement dated June 26, 2019, Shanghai FreeS transferred 2.11% equity interest in our Company to BOC Investment for a consideration of RMB50,000,000, which was determined at arm's length basis among the parties with reference to the then valuation and prospects of the Company. Such transaction was fully settled on July 3, 2019.

(6) Pursuant to a share transfer agreement dated September 21, 2019, Chongqing Qinkai transferred 2.65% equity interest in our Company to Chongqing Qinshuo Enterprise Management Partnership (Limited Partnership) (重慶駒碩企業管理合夥企業(有限合夥)) for a consideration of RMB35,000,000, and Chongqing Juze transferred 6.30% equity interest in our Company to Chongqing Yasirui Enterprise Management Partnership (Limited Partnership) (重慶雅思銳企業管理合夥企業(有限合夥)("**Chongqing Yasirui**")) for a consideration of RMB70,000,000, both of which were determined at arm's length basis among the parties with reference to the then valuation and prospects of the Company. Such transactions were fully settled on June 19, 2020.

(7) Pursuant to share transfer agreements dated December 18, 2019, (i) Dr. Feng, Dr. Li, Dr. Nan and Ms. Yang transferred 3.12% equity interest in our Company to Kunshan Heshi for a consideration of RMB12,777,779; (ii) Dr. Feng, Dr. Li, and Ms. Yang transferred 1.00% equity interest in our Company to Chongqing Yasda Enterprise Management Partnership (Limited Partnership) (重慶亞斯達企業管理合夥企業(有限合夥)) for a consideration of RMB40,000,000; (iii) Chongqing Yasirui transferred 2.70% equity interest in our Company to Chongqing Zhenghanting Enterprise Management Partnership (Limited Partnership) (重慶正瀚霆企業管理合夥企業(有限合夥)) ("**Chongqing Zhenghanting**") for a consideration of RMB30,000,000; and (iv) Dr. Nan transferred 0.25% equity interest in our Company to Chongqing Fengrui I for a consideration of RMB10,000,000, all of which were determined at arm's length basis among the parties with reference to the then valuation and prospects of the Company. Such transactions were fully settled on December 19, 2019, December 18, 2019, June 19, 2020 and January 3, 2020, respectively.

(8) Pursuant to a share transfer agreement dated May 21, 2020, Dr. Feng, Dr. Li, Dr. Nan, Ms. Yang and Shanghai FreeS transferred 1.25% equity interest in our Company to Jiaxing Qijun No.1 for a consideration of RMB40,000,000, which was determined at arm's length basis among the parties with reference to the then valuation and prospects of the Company. Such transaction was fully settled on June 1, 2020.

(9) Pursuant to a share transfer agreement dated January 25, 2022, Chongqing Zhenghanting transferred 400,000 Shares to Zhixing No. 9 and Qingdao Xinding Kenge No. 88 Equity Investment Partnership (Limited Partnership) (青島新鼎晴哥捌捌投資合夥企業(有限合夥)) ("**Kenge No.88**") at considerations of RMB80,000,000, which was determined at arm's length basis among the parties with reference to the then valuation and prospects of the Company. Such transaction was fully settled on January 28, 2022.

(10) Pursuant to a share transfer agreement dated March 7, 2022, Dr. Feng, Dr. Li, Dr. Nan and Ms. Yang transferred 250,000 Shares to Kenge No.88 at considerations of RMB50,000,000, which was determined at arm's length basis among the parties with reference to the then valuation and prospects of the Company. Such transaction was fully settled on March 9, 2022.

(11) Pursuant to a share transfer agreement dated March 21, 2022, Chongqing Zhenghanting transferred 92,500 Shares to Beijing Benxin Phase III Investment Center (Limited Partnership) (北京本芯三期投資中心(有限合夥)) ("**Benxin III**") at considerations of RMB18,500,000, which was determined at arm's length basis among the parties with reference to the then valuation and prospects of the Company. Such transaction was fully settled on March 28, 2022.

(12) Pursuant to a share transfer agreement dated May 10, 2022, Qingkong Yinxing transferred 125,000 Shares to Kenge No.88 at considerations of RMB25,000,000, which was determined at arm's length basis among the parties with reference to the then valuation and prospects of the Company. Such transaction was fully settled on May 12, 2022.

(13) Pursuant to a share transfer agreement dated May 19, 2022, Shanghai FreeS transferred 250,000 Shares to Wuxi New Highland High-Precision Industrial Investment Fund Partnership (Limited Partnership) (無錫新高地高精尖產業投資基金夥企業(有限合夥)) at considerations of RMB50,000,000, which was determined at arm's length basis among the parties with reference to the then valuation and prospects of the Company. Such transaction was fully settled on May 20, 2022.

(14) Pursuant to a share transfer agreement dated May 20, 2022, Qingkong Yinxing transferred 210,000 Shares to Hangzhou Shijin Enterprise Management Partnership (Limited Partnership) (杭州士錦企業管理合夥企業(有限合夥)) at considerations of RMB42,000,000, which was determined at arm's length basis among the parties with reference to the then valuation and prospects of the Company. Such transaction was fully settled on May 30, 2022.

(15) Pursuant to a share transfer agreement dated May 27, 2022, Qingkong Yinxing transferred 30,000 Shares to Beijing Renrenchuang Venture Capital Co., Ltd. (北京人人創創業投資有限公司) at considerations of RMB6,000,000, which was determined at arm's length basis among the parties with reference to the then valuation and prospects of the Company. Such transaction was fully settled on June 7, 2022.

(16) Pursuant to a share transfer agreement dated June 28, 2022, Qingkong Yinxing transferred 92,500 Shares to Nanjing East Evidence Exhibition Equity Investment Partnership (Limited Partnership) (南京東證明展股權投資合夥企業(有限合夥)) ("**Dongzheng Mingzhan**") at considerations of RMB18,500,000, which was determined at arm's length basis among the parties with reference to the then valuation and prospects of the Company. Such transaction was fully settled on July 5, 2022.

(17) Pursuant to a share transfer agreement dated November 4, 2025, BOC Investment transferred 1,887,501 Shares to Wuhai New Kinetic Energy Innovation Equity Investment Partnership (Limited Partnership) (烏海市新動能創新股權投資合夥企業(有限合夥)) at considerations of RMB50,000,000, which was determined at arm's length basis among the parties with reference to the then valuation and prospects of the Company. Such transaction was fully settled on November 17, 2025.

(18) Pursuant to a share transfer agreement dated November 24, 2025, Shanghai Bofu Investment Partnership (Limited Partnership) (上海博福投資合夥企業(有限合夥)) transferred 647,275 Shares to Zhang Chuanping (張傳平) at considerations of RMB15,000,000, which was determined at arm's length basis among the parties with reference to the then valuation and prospects of the Company. Such transaction was fully settled on November 27, 2025.

(19) Pursuant to a share transfer agreement dated January 30, 2026, Shanghai FreeS transferred 1,503,760 Shares to Chen Gongcen (陳公岑) at considerations of RMB50,000,000, which was determined at arm's length basis among the parties with reference to the then valuation and prospects of the Company. Such transaction was fully settled on February 4, 2026.

(20) Pursuant to the share transfer agreements dated January 16, 2026 and February 5, 2026 and the supplemental agreement dated February 28, 2026, Benxin II and Benxin III transferred 613,705 Shares to Qingdao Tuling Hongkun Venture Capital Fund Partnership (Limited Partnership) (青島圖靈宏坤創業投資基金合夥企業(有限合夥)) ("**Qingdao Tuling**") at considerations of RMB26,597,300; pursuant to the share transfer agreement dated January 29, 2026 and the supplemental agreement dated March 4, 2026, Dongzheng Mingzhan transferred 251,466 Shares to Qingdao Tuling at considerations of RMB10,898,269; pursuant to the share transfer agreements dated January 16, 2026 and February 5, 2026 and the supplemental agreement dated February 28, 2026, Zhixing No. 3 and Zhixing No. 9 transferred 1,626,689 Shares to Qingdao Tuling at considerations of RMB70,498,859. All such transactions were determined at arm's length basis among the parties with reference to the then valuation and prospects of the Company and were fully settled on February 28, 2026.

Other Principal Terms of the Pre-[REDACTED] Investments

Basis of determination of the valuation and consideration	The considerations for each round of the Pre-[REDACTED] Investments were determined based on arm's length negotiations amongst the Pre-[REDACTED] Investors and our Group, as applicable after taking into consideration of the timing and market conditions of the investments, our valuation when the investment agreement was entered into, the operation of our business, the financial performance of our Group, and the prospects of our business.
Lock-up period	Pursuant to the applicable PRC law, Shares issued by our Company prior to the [REDACTED] (including those held by the Pre-[REDACTED] Investors immediately prior to the [REDACTED]) will be subject to a lock-up period of one year from the [REDACTED].
Use of proceeds from the Pre-[REDACTED] Investments	We have utilized the proceeds from the Pre-[REDACTED] Investments for the principal business of our Group, including but not limited to research and development activities, capital expenditures and general working capital purposes. As of the Latest Practicable Date, over 70% of the funds raised from the Pre-[REDACTED] Investments have been utilized.
Strategic benefits to our Company brought by the Pre-[REDACTED] Investors	At the time of the relevant Pre-[REDACTED] Investments, our Directors were of the view that our Group could benefit from the additional funds provided by the Pre-[REDACTED] Investments in our Group and the knowledge and experience of the Pre-[REDACTED] Investors in the relevant industry. The Pre-[REDACTED] Investments demonstrated the Pre-[REDACTED] Investors' confidence in the operation and development of our Group.

Special Rights of the Pre-[REDACTED] Investors

The Pre-[REDACTED] Investors were granted certain special rights, including but not limited to pre-emptive right, anti-dilution right, redemption right, liquidation priority right, drag-along right and information right. Among which, (i) the anti-dilution right, redemption right and liquidation priority right have been automatically terminated from the date before the first filing of [REDACTED] by our Company with the Hong Kong Stock Exchange; and (ii) all other special rights shall be automatically terminated upon the [REDACTED].

Joint Sponsors' Confirmation

On the basis that (i) the consideration for the Pre-[REDACTED] Investments was settled more than 28 clear days before the date of first submission of the [REDACTED] to the Stock Exchange or 120 clear days before the commencement of [REDACTED] in the H Shares on the Stock Exchange, and (ii) certain special rights granted to the Pre-[REDACTED] Investors as disclosed in "— Special Rights of the Pre-[REDACTED] Investors" above have been terminated prior to the first filing of [REDACTED] by our Company with the Stock Exchange and all other special rights shall be automatically terminated upon the [REDACTED], the Joint Sponsors confirm that the Pre-[REDACTED] Investments are in compliance with the Chapter 4.2 under the Guide for New Listing Applicants.

Information of Our Major Pre-[REDACTED] Investors

Set forth below are details for each of our major Pre-[REDACTED] Investors with a shareholding of 1% or above in our Company and collectively held approximately 54.17% in aggregate in our Company as of the Latest Practicable Date. To the best knowledge of our Company and save as disclosed below, each of our major Pre-[REDACTED] Investors and where applicable, their respective general partner(s), limited partner(s) and ultimate beneficial owner(s) is an Independent Third Party.

Fengrui Entities

Shanghai FreeS Venture Capital Center (Limited Partnership) (上海峰瑞創業投資中心(有限合夥)) ("**Shanghai FreeS**") is a limited partnership established in the PRC. The general partner of Shanghai FreeS is Shanghai Ziyou Investment Management Limited (上海自友投資管理有限公司) ("**Shanghai Ziyou**"), in which Li Feng (李豐) ultimately controlled approximately 95% and Song Xiaoping (宋曉平) controlled 5%. Shanghai FreeS has 48 limited partners, none of which holds 30% or more of its partnership interests.

Chongqing Fengrui Excellent Phase I Equity Investment Fund Partnership (Limited Partnership) (重慶峰瑞卓越一期股權投資基金合夥企業(有限合夥)) ("**Chongqing Fengrui I**") is a limited partnership established in the PRC, whose general partner is Chongqing Fengrui Excellent Equity Investment Fund Management Co., Ltd. (重慶峰瑞卓越股權投資基金管理股份有限公司) ("**Chongqing Fengrui**"). Chongqing Fengrui is owned as to 50% by Shanghai Ziyou, in which Li Feng (李豐) ultimately controlled approximately 95% and Song Xiaoping (宋曉平) controlled 5%, and 50% by Chongqing Zhengju Capital Investment Co., Ltd. (重慶正居資本投資有限公司), which is in turn owned as to 51% by Song Xiaoping (宋曉平) and 49% by Song Xiaoping's spouse, Chen Yaqin (陳亞勤). Chongqing Fengrui I has six limited partners, none of which holding 30% or more of its partnership interests.

Each of Chengdu Fengrui Tiantou Venture Capital Center (Limited Partnership) (成都峰睿天投創業投資中心(有限合夥)) ("**Chengdu Fengrui**"), Kunshan Fengrui Equity Investment Center (Limited Partnership) (昆山峰瑞股權投資中心(有限合夥)) ("**Kunshan Fengrui**"), and Nanjing Fengrui Qihang Dejian Science and Technology Innovation Investment Partnership (Limited Partnership) (南京峰瑞啟航德見科創投資合夥企業(有限合夥)) ("**Fengrui Qihang**") is a limited partnership established in the PRC with Nanjing Fengrui Equity Investment Management Center (Limited Partnership) (南京峰瑞股權投資管理中心(有限合夥)) ("**Nanjing Fengrui**") being its general partner. Nanjing Fengrui is owned as to 83.19% by Shanghai Ziyou. Chengdu Fengrui has 12 limited partners, none of which holds 30% or more of its partnership interests. Kunshan Fengrui has 13 limited partners, none of which holds 30% or more of its partnership interests. Fengrui Qihang has ten limited partners, except for Shanghai Ziyou on behalf of the Nanjing Fengrui Growth Private Equity Investment Contract Fund (南京豐瑞成長私募股權投資契約基金) holding 44.07% partnership interests, none of the other limited partners holds 30% or more of its partnership interests.

Quanzhou Fengrui Equity Investment Partnership (Limited Partnership) (泉州市峰睿股權投資合夥企業(有限合夥)) ("**Quanzhou Fengrui**") is a limited partnership established in the PRC. The general partner of Quanzhou Fengrui is Quanzhou Fengrui Investment Management Co., Ltd. (泉州市峰瑞投資管理有限公司), which is in turn wholly owned by Shanghai Ziyou. Quanzhou Fengrui has 13 limited partners, except for Quanzhou Industrial Equity Investment Fund Co., Ltd. (泉州市產業股權投資基金有限公司), a company ultimately wholly owned by Quanzhou Municipal People's Government State-owned Assets Supervision and Administration Commission (泉州市人民政府國有資產監督管理委員會), holding 30% partnership interests, none of the other limited partners holds 30% or more of its partnership interests.

Since Fengrui Entities will collectively hold approximately [REDACTED]% of our total issued Shares upon the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Fengrui Entities will be a substantial shareholder of our Company.

Shangqi Capital

Jiaxing Chuangqi Venture Capital Partnership (Limited Partnership) (嘉興創頎創業投資合夥企業(有限合夥)) ("**Jiaxing Chuangqi**") is a limited partnership established in the PRC, whose general partner is Shanghai Shangqi Investment Management Partnership (Limited Partnership) (上海尚頎投資管理合夥企業(有限合夥)) ("**Shangqi Capital**"). Jiaxing Chuangqi is owned as to 99.98% by its sole limited partner, SAIC (Changzhou) Innovation Development Investment Fund Co., Ltd. (上汽(常州)創新發展投資基金股份有限公司), which is in turn owned as to 99.5% by SAIC Motor Investment Management Co., Ltd. (上海汽車集團投資管理有限公司), a wholly owned subsidiary of SAIC Motor Corporation Limited

(上海汽車集團股份有限公司) ("**SAIC Motor**"), a company listed on the Shanghai Stock Exchange (stock code: 600104.SH), and 0.5% by Shanghai Automotive Venture Capital Co., Ltd. (上海汽車創業投資有限公司), a wholly owned subsidiary of SAIC Motor Financial Holdings Co., Ltd (上海汽車集團金控管理有限公司) ("**SAIC Financial**"). SAIC Financial is a wholly owned subsidiary of SAIC Motor.

Jiaxing Qijun No.1 Equity Investment Partnership (Limited Partnership) (嘉興頎駿一號股權投資合夥企業(有限合夥)) ("**Jiaxing Qijun No.1**") is a limited partnership established in the PRC, whose general partner is Shangqi Capital. Jiaxing Qijun No.1 has three limited partners, including SAIC Motor which holds 99.70% partnership interests, and other two limited partners which are ultimately wholly owned by SAIC Motor and holds 0.02% partnership interests in aggregate.

Jiaxing Chuangrong Equity Investment Partnership (Limited Partnership) (嘉興創榮股權投資合夥企業(有限合夥)) ("**Jiaxing Chuangrong**") is a limited partnership established in the PRC, whose general partner is Shangqi Capital. SAIC Motor Venture Capital Co., Ltd. (上海汽車創業投資有限公司) and SAIC Financial, hold 52.67% and 46.08% partnership interests of Jiaxing Chuangrong as its limited partner, respectively.

Shangqi Capital is a limited partnership managed by its general partner, Shanghai Qiyuan Business Consulting Co., Ltd. (上海頎元商務諮詢有限公司) ("**Shanghai Qiyuan**"), which is in turn owned by Feng Ji (馮戟), Zhu Kaiyi (朱愷怡) and Jiang Jinqian (江金乾), as to 80.0%, 10.0% and 10.0%, respectively. Each of Jiaxing Qihe Enterprise Management Partnership (Limited Partnership) (嘉興頎合企業管理合夥企業(有限合夥) and SAIC Financial holds 40% partnership interests of Shangqi Capital as its limited partner, respectively. The remaining limited partner of Shangqi Capital does not hold 30% or more of its partnership interests therein. Jiaxing Qihe Enterprise Management Partnership (Limited Partnership) is managed by its general partner Shanghai Qiyuan, and is owned as to 45.80%, 27.95% and 23.71% by Feng Ji (馮戟), Zhu Kaiyi (朱愷怡) and Jiang Jinqian (江金乾) as its limited partners, respectively.

Since Shangqi Capital will collectively hold approximately [REDACTED]% of our total issued Shares upon the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Shangqi Capital will be a substantial shareholder of our Company.

Chongqing entities

Each of Chongqing Yasirui Enterprise Management Partnership (Limited Partnership) (重慶雅思銳企業管理合夥企業(有限合夥)) ("**Chongqing Yasirui**"), Chongqing Qinshuo Enterprise Management Partnership (Limited Partnership) (重慶勤碩企業管理合夥企業(有限合夥)) ("**Chongqing Qinshuo**"), and Chongqing Yasda Enterprise Management Partnership (Limited Partnership) (重慶亞斯達企業管理合夥企業(有限合夥)) ("**Chongqing Yasda**") is a limited partnership established in the PRC with Song Xiaoping (宋曉平) being its general partner. Chongqing Zhenghanting Enterprise Management Partnership (Limited Partnership) (重慶正瀚霆企業管理合夥企業(有限合夥)) ("**Chongqing Zhenghanting**") is a limited partnership established in the PRC with Chen Yaqin (陳亞勤) being its general partner.

Each of Chongqing Yasirui, Chongqing Qinshuo and Chongqing Zhenghanting is held as to 90% by Song Xiaoping and 10% by Chen Yaqin. Chongqing Yasda is held as to 51% by Song Xiaoping and 49% by Chen Yaqin.

Shenzhen Anpeng

Each of Yichun Anpeng Entrepreneurship Equity Investment Center (Limited Partnership) (宜春市安鵬創業股權投資中心(有限合夥)) ("**Yichun Anpeng**"), Shenzhen Anpeng Zhiyuan Investment Partnership (Limited Partnership) (深圳市安鵬致遠投資合夥企業(有限合夥)) ("**Anpeng Zhiyuan**") and Shenzhen Anpeng Intelligent Investment Fund Enterprise (Limited Partnership) (深圳安鵬智慧投資基金企業(有限合夥)) ("**Anpeng Intelligent**") is a limited partnership established in the PRC with Shenzhen Anpeng Equity Investment Fund Management Co., Ltd. (深圳市安鵬股權投資基金管理有限公司) ("**Shenzhen Anpeng**") being its general partner. Shenzhen Anpeng is wholly owned by BAIC Group Industrial Investment Co., Ltd. (北京汽車集團產業投資有限公司) ("**BAIC**"), which is in turn wholly

owned by Beijing Automotive Group Co., Ltd. (北京汽車集團有限公司), which is in turn ultimately wholly owned by Beijing Municipal People's Government State-owned Assets Supervision and Administration Commission (北京市人民政府國有資產監督管理委員會).

Yichun Anpeng is held as to 91.34% by Yichun Venture Capital Co., Ltd. (宜春市創業投資有限公司) as its limited partner, which is in turn owned as to 60% by Finance Bureau of Yichun Economic and Technological Development Zone (宜春經濟技術開發區財政局) and 40% by Yichun State-owned Assets Supervision and Administration Commission (宜春市國有資產監督管理委員會). The remaining limited partner of Yichun Anpeng does not hold 30% or more of its partnership interests therein.

Anpeng Zhiyuan is held as to 45.50% by BAIC, and 30.80% by Kunshan Development Zone State Investment Holdings Co., Ltd. (昆山開發區國投控股有限公司), a company wholly owned by Kunshan Guochuang Investment Group Co., Ltd. (昆山國創投資集團有限公司) which is in turn wholly owned by Kunshan Municipal Government State-owned Assets Supervision and Administration Office (昆山市政府國有資產監督管理辦公室), as its limited partners, respectively. Anpeng Zhiyuan has four limited partners, and the other limited partners do not hold 30% or more of its partnership interests therein.

Anpeng Intelligent is held as to 71.43% by Gongqingcheng Xingda Investment Management Partnership (Limited Partnership) (共青城行達投資管理合夥企業(有限合夥)) ("**Gongqingcheng Xingda**"), and 23.79% by BAIC as its limited partners, respectively. Anpeng Intelligent has four limited partners, and the other limited partners do not hold 30% or more of its partnership interests therein. Gongqingcheng Xingda is held as to 33.33% by Zhuhai Baic Huajin Industrial Equity Investment Fund (Limited Partnership) (珠海北汽華金產業股權投資基金(有限合夥)) ("**Zhuhai BAIC**") as its limited partner, and none of the other five limited partners hold 30% or more of its partnership interests therein. Zhuhai BAIC is held as to 66.44% by Zhuhai Huajin Alpha Fund II Partnership (Limited Partnership) (珠海華金阿爾法二號基金合夥企業(有限合夥)), which is ultimately controlled by Zhuhai Municipal People's Government State-owned Assets Supervision and Administration Commission (珠海市人民政府國家資產監督管理委員會), and 32.67% by BAIC, and the other limited partner does not hold 30% or more of its partnership interests therein. Shenzhen Anpeng is the general partner of each of the Gongqingcheng Xingda and Zhuhai BAIC.

BOC Investment

Bank of China Investment Asset Management Co., Ltd (中銀投資資產管理有限公司) ("**BOC Investment**") is a limited liability company incorporated in the PRC which is indirectly wholly-owned by Bank of China Group Investment Limited (中銀集團投資有限公司). Bank of China Group Investment Limited is wholly-owned by Bank of China Limited, a company listed on the Shanghai Stock Exchange (stock code: 601988.SH) and the Stock Exchange (stock code: 3988.HK). As the specialized investment management arm of Bank of China Limited, Bank of China Group Investment Limited engages in diversified investment activities across Hong Kong, Macau, Chinese Mainland, and overseas markets. Its business scope covers, among others, corporate equity investments, fund investment and management, real estate investment and management and special opportunity investments.

Yongning Investment

Zhejiang Yongning Equity Investment Fund Co., Ltd. (浙江永寧股權投資基金有限公司) ("**Yongning Investment**") is a limited company established in the PRC. Yongning Investment is owned as to approximately (i) 53.85% by Taizhou Huangyan Science and Technology Innovation Investment Co., Ltd. (台州市黃岩科技創新投資有限公司), which is in turn owned as to 51% by Taizhou Huangyan State-owned Capital Investment and Operation Group Co., Ltd. (台州市黃岩國有資本投資營運集團有限公司) ("**Huangyan Group**") and 49% by Taizhou Yongning Industrial Investment Group Co., Ltd. (台州市永寧產業投資集團有限公司), both of which is wholly owned by Finance Bureau of Huangyan District of Taizhou City (台州市黃岩區財政局), (ii) 13.85% by Taizhou Huangyan Economic Development Group Co., Ltd. (台州市黃岩經濟開發集團有限公司), which is in turn wholly owned by Taizhou Huangyan Economic Development Investment Group Co., Ltd. (台州市黃岩經開投資集團有限公司), which is in

turn owned by Huangyan Group, (iii) 13.85% by Taizhou Huangyan Urban Construction Investment Group Co., Ltd. (台州市黃岩城市建設投資集團有限公司), which is wholly owned by Taizhou Huangyan Urban Construction Development Investment Group Co., Ltd. (台州市黃岩城市建設開發投資集團有限公司), which is wholly owned by Huangyan Group, (iv) 13.85% by Taizhou Hongtu Digital Technology Group Co., Ltd. (台州市宏途數位科技集團有限公司), which is wholly owned by Taizhou Huangyan Transportation and Tourism Investment Group Co., Ltd. (台州市黃岩交通旅遊投資集團有限公司), which is in turn wholly owned by Huangyan Group, (v) 4.62% by Finance Bureau of Huangyan District of Taizhou City.

Hengxu Chuangling

Each of Kunshan Yizhen Equity Investment Partnership (Limited Partnership) (昆山屹真股權投資合夥企業(有限合夥)) ("**Kunshan Yizhen**"), Shanghai Yangtze River Delta Industrial Upgrading Equity Investment Partnership (Limited Partnership) (上海長三角產業升級股權投資合夥企業(有限合夥)) ("**YRD Investment**") and Taizhou Shangqi Qifeng Equity Investment Partnership (Limited Partnership) (台州尚頎頎豐股權投資合夥企業(有限合夥)) ("**Shangqi Qifeng**") is a limited partnership established in the PRC with Shanghai Hengxu Chuangling Private Equity Fund Management Co., Ltd. (上海恒旭創領私募基金管理有限公司) ("**Hengxu Chuangling**") being its general partner.

Kunshan Yizhen has two limited partners, including Kunshan Guochuang Investment Group Co., Ltd. (昆山國創投資集團有限公司), which is wholly owned by Kunshan Municipal Government State-owned Assets Supervision and Administration Office (昆山市政府國有資產監督管理辦公室), holding 66.02% partnership interests, and Kunshan Industrial Development Investment Co., Ltd. (昆山市工業開發投資有限公司), which is ultimately wholly owned by Kunshan Economic and Technological Development Zone Construction Management Office (昆山經濟技術開發區建設管理所), holding 33.01% partnership interests.

YRD Investment has nine limited partners and none of which hold 30% or more of its partnership interests therein.

Shangqi Qifeng has four limited partners, including (i) SAIC Financial, a wholly owned subsidiary of SAIC Motor, holding 49.93% partnership interests, and (ii) HuaAn Future Asset Management (Shanghai) Limited (華安未來資產管理(上海)有限公司), a wholly owned subsidiary of HuaAn Fund Management Co., Ltd. (華安基金管理有限公司) which is owned as to 51% by Guotai Haitong Securities Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: 601211.SH) and the Stock Exchange (stock code: 2611.HK), holding 45.39% partnership interests. None of the other two limited partners hold 30% or more of its partnership interests therein.

Hengxu Chuangling is held as to 45%, 40% and 15% by Shanghai Qijia Enterprise Management Consulting Partnership (Limited Partnership) (上海頎嘉企業管理諮詢合夥企業(有限合夥)) ("**Shanghai Qijia**"), SAIC Financial and Shanghai Shengqi Enterprise Management Consulting Co., Ltd. (上海晟頎企業管理諮詢有限公司) ("**Shanghai Shengqi**"), respectively. The general partner of Shanghai Qijia is Shanghai Shengqi, which is owned as to 90% by Lu Yongtao (陸永濤). Shanghai Qijia has three limited partners, including Lu Yongtao who holds 68.8% partnership interests therein, and two other limited partners, none of which holds 30% or more partnership interests therein.

Xinding Capital

Each of Qingdao Xinding Kenge No. 88 Equity Investment Partnership (Limited Partnership) (青島新鼎啃哥捌捌投資合夥企業(有限合夥)) ("**Kenge No.88**"), Qingdao Xinding Kenge No. 16 Equity Investment Partnership (Limited Partnership) (青島新鼎啃哥拾陸股權投資合夥企業(有限合夥)) ("**Kenge No.16**") and Qingdao Xinding Kenge No. 87 Equity Investment Partnership (Limited Partnership) (青島新鼎啃哥捌柒投資合夥企業(有限合夥)) ("**Kenge No.87**") is a limited partnership established in the PRC with Xinding Rongsheng Capital Management Co., Ltd. (北京新鼎榮盛資本管理

有限公司) ("**Xinding Capital**") being its general partner. Xinding Capital is a limited liability company established under the laws of the PRC and is wholly owned by Xinding Ronghui Capital Management Co, Ltd. (北京新鼎榮輝資本管理有限公司), which is ultimately controlled by Zhang Chi (張馳).

The limited partnership interest in each of Kenge No.88, Kenge No.16 and Kenge No.87 is owned by 48, 32 and 18 limited partners, respectively, none of which holds 30% or more of the respective limited partnership interest therein (except for Qingdao Xinding Kenge No. 89 Equity Investment Partnership (Limited Partnership) (青島新鼎啃哥捌玖投資合夥企業(有限合夥)) ("**Kenge No.89**") holding approximately 38.42% partnership interest in Kenge No. 88). Kenge No.89 is a limited partnership established in the PRC with Xinding Capital being its general partner, and it has 46 limited partners, none of which holds 30% or more partnership interests therein.

Taizhou Huarui

Taizhou Huarui New Energy Venture Capital Partnership (Limited Partnership) (台州華睿新能創業投資合夥企業(有限合夥)) ("**Taizhou Huarui**") is a limited partnership established in the PRC with Zhejiang Fuhua Ruiyin Investment Management Co., Ltd. (浙江富華睿銀投資管理有限公司), which is in turn owned as to 79% by Zong Peimin (宗佩民), being its general partner. Among the three limited partners of Taizhou Huarui, (i) Yongning Investment holds 49.51% of the partnership interests; and (ii) Taizhou Optimization and Upgrading Investment Partnership (Limited Partnership) (台州市優化升級投資合夥企業(有限合夥)), a company directly and indirectly wholly owned by Taizhou State-owned Capital Operation Group Co., Ltd. (台州市國有資本運營集團有限公司), which is in turn owned as to 90% by Taizhou Municipal People's Government State-owned Assets Supervision and Administration Commission (台州市人民政府國有資產監督管理委員會) and 10% by Zhejiang Caikai Group Co., Ltd. (浙江省財開集團有限公司) which is in turn wholly owned by the Department of Finance of Zhejiang Provincial (浙江省財政廳), holds 37.13% of the partnership interests; and (iii) the other limited partner does not hold 30% or more of its partnership interests therein.

Xinyu Guangxin

Xinyu Guangxin Chuangdian Equity Investment Consulting Center (Limited Partnership) (新餘廣新創電股權投資諮詢中心(有限合夥)) ("**Xinyu Guangxin**") is a limited partnership established in the PRC with Guangzhou Yingpeng Private Equity Fund Management Co., Ltd. (廣州盈蓬私募基金管理有限公司) ("**Guangzhou Yingpeng**") being its general partner. Guangzhou Yingpeng is wholly owned by GAC Capital Co., Ltd. (廣汽資本有限公司), which is in turn wholly owned by Guangzhou Automobile Group Co., Ltd. (廣州汽車集團股份有限公司), a company listed on the Stock Exchange (Stock Code: 02238.HK) and the Shanghai Stock Exchange (Stock Code: 601238.SH). Xinyu Guangxin has eight limited partners, including Liu Mingda (劉明達), who holds 45.31% partnership interests, GAC Capital Co., Ltd., which holds 29.86% partnership interests, and six other limited partners, none of which holds 30% or more of its partnership interests therein.

Kunshan SASAO

Kunshan Kunkai Chuangyue Asset Management Co., Ltd. (昆山昆開創越資產管理有限公司) ("**Kunshan Kunkai**") is a limited liability company incorporated under the laws of PRC and is wholly owned by Kunshan Guochuang Investment Group Co., Ltd. (昆山國創投資集團有限公司) which is in turn wholly owned by Kunshan Municipal Government State-owned Assets Supervision and Administration Office (昆山市政府國有資產監督管理辦公室) ("**Kunshan SASAO**").

Kunshan Guoke Venture Capital Co., Ltd. (昆山市國科創業投資有限公司) ("**Kunshan Guoke**") is a limited liability company incorporated under the laws of PRC on August 31, 2001 and is held as to 98.76% by Kunshan Venture Holding Group Co., Ltd. (昆山創業控股集團有限公司). which is wholly owned by Kunshan SASAO, and 1.24% by Kunshan Venture Capital Co., Ltd. (昆山市創業投資有限公司) which is wholly owned by Kunshan Venture Holding Group Co., Ltd.

Chengdu Industrial Investment

Sichuan Chengdu Industrial Investment Electronic Information Major Industrialization Project Equity Investment Fund Partnership (Limited Partnership) (四川省成都市產投電子信息重大產業化項目股權投資基金合夥企業(有限合夥)) ("**Chengdu Industrial Investment**") is a limited partnership established in the PRC with Chengdu Vanguard Capital Management Co., Ltd. (成都先進資本管理有限公司) ("**Vanguard Capital**") being its general partner. Vanguard Capital is wholly owned by Chengdu Vanguard Manufacturing Industry Investment Co., Ltd. (成都先進製造產業投資有限公司), which is in turn wholly owned by Chengdu Industrial Investment Group Co., Ltd. (成都產業投資集團有限公司), which is in turn owned as to 90% by Chengdu State-owned Assets Supervision and Administration Commission (成都市國有資產監督管理委員會) and 10% by Sichuan Provincial Department of Finance (四川省財政廳).

Chengdu Industrial Investment has six limited partners, including (i) Sichuan Vanguard Manufacturing Investment Guidance Fund Partnership (Limited Partnership) (四川省先進製造投資引導基金合夥企業(有限合夥)) ("**Sichuan Vanguard**") who holds 30% partnership interests, (ii) Chengdu Industrial Investment Group Co., Ltd., who holds 20% partnership interests, (iii) Chengdu Vanguard Manufacturing Industry Investment Co., Ltd., who holds 19.5% partnership interests, (iv) and three other limited partners, none of which holds 30% or more of its partnership interests therein. Sichuan Vanguard is a limited partnership established in the PRC with CICC Capital Operation Co., Ltd. (中金資本運營有限公司), a wholly owned subsidiary of CICC International Capital Corporation Limited (中國國際金融股份有限公司), a company listed on the Shanghai Stock Exchange (Stock Code: 601995.SH) and the Stock Exchange (Stock Code: 3908.HK), being its general partner. Sichuan Vanguard has four limited partners, including Sichuan Industrial Investment Guidance Fund Co., Ltd. (四川省產業投資引導基金有限公司), a wholly owned subsidiary of Sichuan Industrial Promotion Fund Investment Group Co., Ltd. (四川產業振興基金投資集團有限公司) which is in turn owned as to 83% by Sichuan Provincial Department of Finance, who holds 43.34% partnership interests, and three other limited partners, none of which holds 30% or more of its partnership interests therein.

CAPITALIZATION

Our Company [has applied] for H-share full circulation to convert all Unlisted Shares into H Shares upon the [REDACTED]. The conversion of Unlisted Shares into H Shares will involve an aggregate of [REDACTED] Unlisted Shares, representing approximately [REDACTED]% of the total issued share capital of our Company upon the completion of the [REDACTED] (assuming the [REDACTED] is not exercised).

The table below is a summary of the capitalization of our Company as of the Latest Practicable Date and upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised) and the conversion of Unlisted Shares into H Shares:

	As of the Latest Practicable Date		Immediately upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised)	
Name of Shareholders	**No. of Unlisted Shares**	**Approximate ownership percentage**	**No. of H Shares**	**Approximate ownership percentage**
Our Controlling Shareholders				
Dr. Feng	62,520,391	10.64%	[REDACTED]	[REDACTED]%
Dr. Li	60,625,816	10.32%	[REDACTED]	[REDACTED]%
Dr. Nan	37,891,137	6.45%	[REDACTED]	[REDACTED]%
Ms. Yang	28,418,351	4.84%	[REDACTED]	[REDACTED]%
Kunshan Heshi	15,730,490	2.68%	[REDACTED]	[REDACTED]%
Kunshan Qingchuang	12,148,779	2.07%	[REDACTED]	[REDACTED]%
Subtotal of our Controlling Shareholders	**217,334,964**	**37.00%**	**[REDACTED]**	**[REDACTED]%**
Our major Pre-[REDACTED] Investors				
Shanghai FreeS	47,646,738	8.11%	[REDACTED]	[REDACTED]%
Chongqing Fengrui I	38,350,012	6.53%	[REDACTED]	[REDACTED]%
Chengdu Fengrui	895,000	0.15%	[REDACTED]	[REDACTED]%
Kunshan Fengrui	895,000	0.15%	[REDACTED]	[REDACTED]%
Fengrui Qihang	431,517	0.07%	[REDACTED]	[REDACTED]%
Quanzhou Fengrui	431,517	0.07%	[REDACTED]	[REDACTED]%
Subtotal of Fengrui Entities	**88,649,784**	**15.09%**	**[REDACTED]**	**[REDACTED]%**
Jiaxing Chuangqi	46,240,543	7.87%	[REDACTED]	[REDACTED]%
Jiaxing Qijun No.1	36,565,376	6.23%	[REDACTED]	[REDACTED]%
Jiaxing Chuangrong	863,034	0.15%	[REDACTED]	[REDACTED]%
Subtotal of Shangqi Capital	**83,668,953**	**14.24%**	**[REDACTED]**	**[REDACTED]%**
Chongqing Yasirui	13,488,318	2.30%	[REDACTED]	[REDACTED]%
Chongqing Qinshuo	9,913,926	1.69%	[REDACTED]	[REDACTED]%
Chongqing Zhenghanting	5,865,789	1.00%	[REDACTED]	[REDACTED]%
Chongqing Yasda	3,747,093	0.64%	[REDACTED]	[REDACTED]%
Subtotal of Chongqing Entities	**33,015,126**	**5.63%**	**[REDACTED]**	**[REDACTED]%**
Yichun Anpeng	11,241,272	1.91%	[REDACTED]	[REDACTED]%
Anpeng Zhiyuan	8,630,336	1.47%	[REDACTED]	[REDACTED]%
Anpeng Intelligent	3,934,096	0.67%	[REDACTED]	[REDACTED]%
Subtotal of Shenzhen Anpeng	**23,805,704**	**4.05%**	**[REDACTED]**	**[REDACTED]%**
BOC Investment	20,487,664	3.49%	[REDACTED]	[REDACTED]%
Yongning Investment	14,737,029	2.51%	[REDACTED]	[REDACTED]%
Kunshan Yizhen	8,421,159	1.43%	[REDACTED]	[REDACTED]%
YRD Investment	3,562,750	0.61%	[REDACTED]	[REDACTED]%
Shangqi Qifeng	1,405,165	0.24%	[REDACTED]	[REDACTED]%
Subtotal of Hengxu Chuangling	**13,389,074**	**2.28%**	**[REDACTED]**	**[REDACTED]%**
Kenge No.88	5,393,960	0.92%	[REDACTED]	[REDACTED]%
Kenge No.16	3,495,286	0.60%	[REDACTED]	[REDACTED]%
Kenge No.87	863,034	0.15%	[REDACTED]	[REDACTED]%
Subtotal of Xinding Capital	**9,752,280**	**1.66%**	**[REDACTED]**	**[REDACTED]%**

	As of the Latest Practicable Date		Immediately upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised)	
Name of Shareholders	**No. of Unlisted Shares**	**Approximate ownership percentage**	**No. of H Shares**	**Approximate ownership percentage**
Taizhou Huarui	9,388,943	1.60%	[REDACTED]	[REDACTED]%
Xinyu Guangxin	7,494,196	1.28%	[REDACTED]	[REDACTED]%
Kunshan Kunkai	4,683,873	0.80%	[REDACTED]	[REDACTED]%
Kunshan Guoke	2,810,322	0.48%	[REDACTED]	[REDACTED]%
Subtotal of Kunshan SASAO	**7,494,195**	**1.28%**	**[REDACTED]**	**[REDACTED]%**
Sichuan Chengdu Industrial Investment Electronic Information Major Industrialization Project Equity Investment Fund Partnership (Limited Partnership) (四川省成都市產投電子信息重大產業化項目股權投資基金合夥企業(有限合夥))	6,315,869	1.08%	[REDACTED]	[REDACTED]%
Subtotal of our major Pre-[REDACTED] Investors	**318,198,817**	**54.17%**	**[REDACTED]**	**[REDACTED]%**
Our Other Pre-[REDACTED] Investors				
Chengdu Juancheng High-tech Industrial Investment Development Co., Ltd. (成都鵑城高新技術產業投資發展有限公司)	4,694,471	0.80%	[REDACTED]	[REDACTED]%
Qingkong Yinxing Nantong Venture Capital Fund Partnership (Limited Partnership) (清控銀杏南通創業投資基金合夥企業(有限合夥))	4,549,266	0.77%	[REDACTED]	[REDACTED]%
Zhixing No. 9	2,836,360	0.48%	[REDACTED]	[REDACTED]%
Benxin II	652,363	0.11%	[REDACTED]	[REDACTED]%
Benxin III	524,727	0.09%	[REDACTED]	[REDACTED]%
Zhixing No. 3	283,636	0.05%	[REDACTED]	[REDACTED]%
Subtotal of Foshan Huachao Asset Management Co., Ltd. (佛山市華潮資產管理有限公司)	**4,297,086**	**0.73%**	**[REDACTED]**	**[REDACTED]%**
Sichuan Green and Low Carbon Industry Development Fund Partnership (Limited Partnership) (四川省綠色低碳產業發展基金合夥企業(有限合夥))	4,205,316	0.72%	[REDACTED]	[REDACTED]%
Sichuan Tongchuang Zhiyuan Enterprise Management Center (Limited Partnership) (四川同創致遠企業管理中心(有限合夥))	5,263	0.00%	[REDACTED]	[REDACTED]%
Subtotal of Sichuan Juxin Zhiyuan Private Equity Fund Management Co., Ltd. (四川聚信致遠私募基金管理有限公司)	**4,210,579**	**0.72%**	**[REDACTED]**	**[REDACTED]%**
Shanghai Science and Technology Innovation Center No. 1 Equity Investment Fund Partnership (Limited Partnership) (上海科創中心壹號股權投資基金合夥企業(有限合夥))	3,452,134	0.59%	[REDACTED]	[REDACTED]%
Shanghai Shouye Junjing Investment Center (Limited Partnership) (上海首業君京投資中心(有限合夥))	2,832,545	0.48%	[REDACTED]	[REDACTED]%
Huaian Huaishang Yingcai Venture Capital Co., Ltd. (淮安市淮上英才創業投資有限公司)	2,810,322	0.48%	[REDACTED]	[REDACTED]%
Qingdao Tuling Hongkun Venture Capital Fund Partnership (Limited Partnership) (青島圖靈宏坤創業投資基金合夥企業(有限合夥))	2,491,860	0.42%	[REDACTED]	[REDACTED]%
Huzhou Dinghui Qingtao Enterprise Management Partnership (Limited Partnership) (湖州鼎匯清陶企業管理合夥企業(有限合夥))	2,157,584	0.37%	[REDACTED]	[REDACTED]%

	As of the Latest Practicable Date		Immediately upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised)	
Name of Shareholders	**No. of Unlisted Shares**	**Approximate ownership percentage**	**No. of H Shares**	**Approximate ownership percentage**
China Life (Shenzhen) Technology Innovation Private Equity Investment Fund Partnership (Limited Partnership) (國壽(深圳)科技創新私募股權投資基金合夥企業(有限合夥))	2,157,584	0.37%	[REDACTED]	[REDACTED]%
Wuxi New Highland High-Precision Industrial Investment Fund Partnership (Limited Partnership) (無錫新高地高精尖產業投資基金合夥企業(有限合夥))	2,157,584	0.37%	[REDACTED]	[REDACTED]%
Suzhou Major Industrial Development Private Equity Investment Fund Partnership (Limited Partnership) (蘇州市重大產業發展私募投資基金合夥企業(有限合夥))	2,105,290	0.36%	[REDACTED]	[REDACTED]%
Taizhou Daode Xinhang Equity Investment Partnership (Limited Partnership) (泰州市道得新航股權投資合夥企業(有限合夥))	2,105,289	0.36%	[REDACTED]	[REDACTED]%
Shanghai Jiading Zhanxing Anxin Private Equity Investment Fund Partnership (Limited Partnership) (上海嘉定戰興安欣私募投資基金合夥企業(有限合夥))	2,105,289	0.36%	[REDACTED]	[REDACTED]%
Wuhai New Kinetic Energy Innovation Equity Investment Partnership (Limited Partnership) (烏海市新動能創新股權投資合夥企業(有限合夥))	1,887,501	0.32%	[REDACTED]	[REDACTED]%
Hangzhou Shijin Enterprise Management Partnership (Limited Partnership) (杭州士錦企業管理合夥企業(有限合夥))	1,812,371	0.31%	[REDACTED]	[REDACTED]%
Chen Gongcen (陳公岑)	1,503,760	0.26%	[REDACTED]	[REDACTED]%
Kunshan Kesen Technology Co., Ltd. (昆山科森科技股份有限公司)	1,294,550	0.22%	[REDACTED]	[REDACTED]%
Binquan Shuangyu (Suzhou) Equity Investment Partnership (Limited Partnership) (聿泉雙禹(蘇州)股權投資合夥企業(有限合夥))	1,294,550	0.22%	[REDACTED]	[REDACTED]%
Zhang Chuanping (張傳平)	647,275	0.11%	[REDACTED]%	[REDACTED]%
Nanjing East Evidence Exhibition Equity Investment Partnership (Limited Partnership) (南京東證明展股權投資合夥企業(有限合夥))	546,840	0.09%	[REDACTED]	[REDACTED]%
Suzhou Qingshan Zhiyuan Venture Capital Partnership (Limited Partnership) (蘇州清山智遠創業投資合夥企業(有限合夥))	469,447	0.08%	[REDACTED]	[REDACTED]%
Beijing Renrenchuang Venture Capital Co., Ltd. (北京人人創創業投資有限公司)	258,910	0.04%	[REDACTED]	[REDACTED]%
Subtotal of other Pre-[REDACTED] Investors	**51,842,087**	**8.83%**	**[REDACTED]**	**[REDACTED]%**
Subtotal	**587,375,868**	**100%**	**[REDACTED]**	**[REDACTED]%**
[REDACTED] Shareholders	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]%
Total	**587,375,868**	**100%**	**[REDACTED]**	**100%**

PUBLIC FLOAT AND FREE FLOAT

Public Float

Following the conversion of Unlisted Shares into H Shares and upon completion of the [REDACTED] (assuming that the [REDACTED] is not exercised), the following Shares will not be counted towards the public float:

(a) a total of [REDACTED] Shares held by Dr. Feng, Dr. Li, Dr. Nan and Ms. Yang, together with Kunshan Heshi and Kunshan Qingchuang, being our Controlling Shareholders, representing [REDACTED]% of our total issued share capital;

(b) a total of [REDACTED] Shares held by our substantial shareholders and director of our subsidiary, being our core connected person, representing [REDACTED]% of our total issued share capital.

To the best knowledge of our Directors, upon the completion of the [REDACTED] and the conversion of Unlisted Shares into H Shares, [REDACTED] H Shares, representing [REDACTED]% of our total share capital upon the completion of the [REDACTED], are expected to be held by our existing Shareholders who are not our core connected persons, which will be counted towards the public float. A total of [REDACTED] H Shares issued pursuant to the [REDACTED] will be counted as part of the public float, representing [REDACTED]% of our share capital upon the completion of [REDACTED] in aggregate.

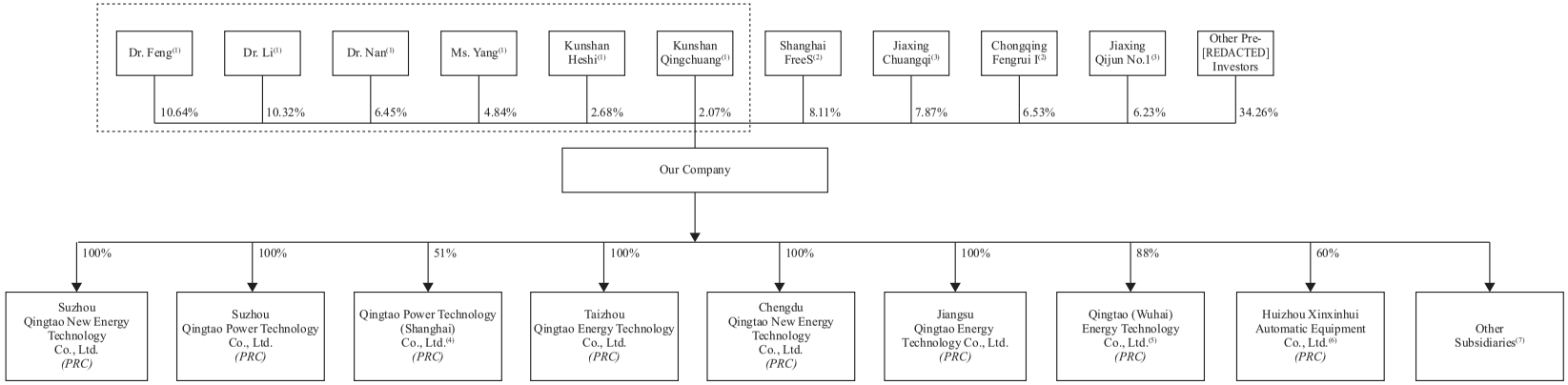
Based on the above, it is expected that immediately following completion of the [REDACTED] (assuming that the [REDACTED] is not exercised), the total number of [REDACTED] H Shares held by the [REDACTED] represents approximately [REDACTED]% of our total issued Shares upon [REDACTED]. If the [REDACTED] is fixed at HK$[REDACTED], HK$[REDACTED] or HK$[REDACTED] per [REDACTED] (being the low end, mid-point and the upper end, respectively), the expected market capitalization of our Company's H Shares upon completion of the [REDACTED] (assuming that the [REDACTED] is not exercised) would be HK$[REDACTED], HK$[REDACTED] and HK$[REDACTED], and, therefore, the minimum prescribed public float percentage as required under Rule 19A.13A of the Listing Rules would be over [REDACTED]% of the total issued Share.

Free Float

Following the conversion of Unlisted Shares into H Shares and upon completion of the [REDACTED] (assuming that the [REDACTED] is not exercised), a total of [REDACTED] H Shares are expected to be held by representing [REDACTED]% of our total issued Share upon completion of the [REDACTED] (assuming that the [REDACTED] is not exercised), will be counted as part of the free float. As a results, over [REDACTED]% of our Company's total issued Shares will be held by the [REDACTED] and not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise) with an expected market value at the time of [REDACTED] of over HK$[REDACTED] (based on the [REDACTED] of HK$[REDACTED], being the low-end of the indicative [REDACTED] set out in this Document). Therefore, our Company is expected to satisfy the free float requirement under Rule 19A.13C of the Listing Rules.

SHAREHOLDING AND CORPORATE STRUCTURE IMMEDIATELY PRIOR TO THE COMPLETION OF THE [REDACTED]

The following chart sets forth our Group's simplified shareholding and corporate structure immediately prior to the completion of the [REDACTED]:



Notes:

(1) Dr. Feng, Dr. Li, Dr. Nan and Ms. Yang first entered into a Concert Party Agreement on November 25, 2017 and such agreement was reconfirmed on June 5, 2019. For details of the Concert Party Agreement, see "History, Development and Corporate Structure — Concert Party Agreement" in this Document. Kunshan Heshi and Kunshan Qingchuang are our Employee Shareholding Platforms. The general partner of Kunshan Heshi is Dr. Feng, holding 0.01% partnership interests, and the general partner on executive matter of Kunshan Qingchuang is Dr. Feng, holding 0.02% partnership interests. For details of the Employee Shareholding Platforms, see "History, Development and Corporate Structure — Employee Shareholding Platforms'' in this Document.

(2) As of the Latest Practicable Date, Shanghai FreeS, Chongqing Fengrui I, Chengdu Fengrui, Kunshan Fengrui, Fengrui Qihang and Quanzhou Fengrui collectively held approximately 15.09% interest in our share capital. For more details, see "History, Development and Corporate Structure — Information of Our Major Pre-[REDACTED] Investors" in this Document.

(3) As of the Latest Practicable Date, Jiaxing Chuangqi, Jiaxing Qijun No.1 and Jiaxing Chuangrong collectively held approximately 14.24% interest in our share capital. For more details, see "History, Development and Corporate Structure — Information of Our Major Pre-[REDACTED] Investors" in this Document.

(4) As of the Latest Practicable Date, the remaining 49% equity interest of Qingtao Power Technology (Shanghai) Co., Ltd. was owned by HASCO.

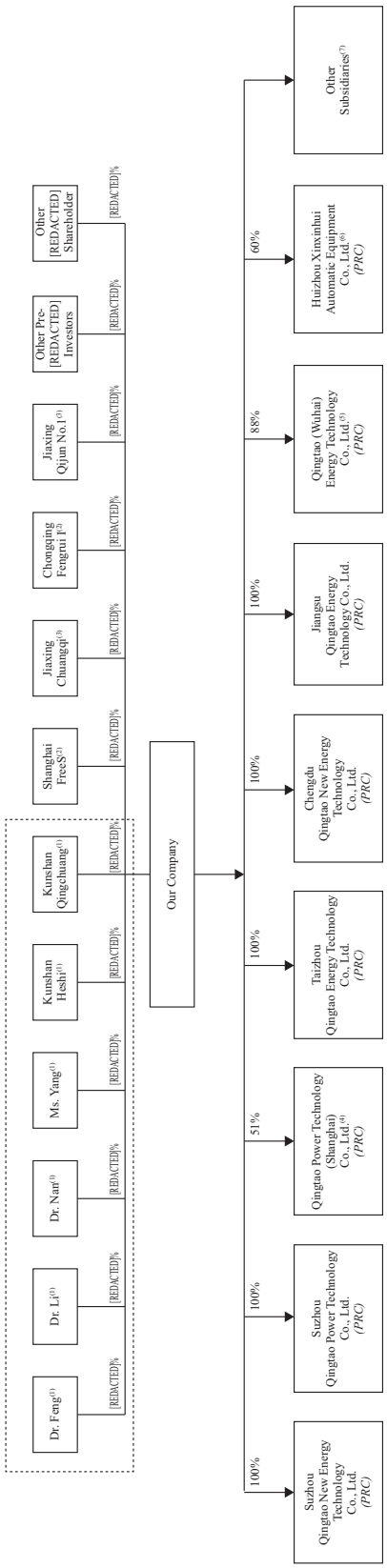
(5) As of the Latest Practicable Date, the remaining 12% equity interest of Qingtao (Wuhai) Energy Technology Co., Ltd. was owned by Chen Gongcen (陳公岑), one of our Pre-[REDACTED] Investors and a director of Qingtao (Wuhai) Energy Technology Co., Ltd.

(6) As of the Latest Practicable Date, the remaining 40% equity interest of Huizhou Xinxinhui Automatic Equipment Co., Ltd. was owned by Huizhou Xinxinhuishun Investment Partnership (Limited Partnership) (惠州市新鑫輝順投資合夥企業(有限合夥)), which was in turn owned as to 85% by Ye Xinlin (葉鑫林) as its general partner, a director of Huizhou Xinxinhuishun Investment Partnership (Limited Partnership).

(7) Including other subsidiaries controlled by the Company.

SHAREHOLDING AND CORPORATE STRUCTURE IMMEDIATELY AFTER THE COMPLETION OF THE [REDACTED]

The following chart sets forth our Group's simplified shareholding and corporate structure immediately after the completion of the [REDACTED] (assuming the [REDACTED] is not exercised):



Notes:

For notes (1) to (7), please see "— Shareholding and Corporate Structure Immediately Prior to the Completion of the [REDACTED]" above.

OVERVIEW

Mission

Pioneer the global industrialization and commercialization of solid-state batteries.

Vision

Deliver green energy safely and efficiently across the globe.

Who We Are

We are a pioneer in the industrialization and commercialization of solid-state batteries, with advanced solid-state battery technology and strong capabilities in developing and delivering solid-state battery products. We focus on the development, manufacture and sales of solid-liquid hybrid and all-solid-state batteries for electric vehicle (EV) and energy storage system (ESS) applications. At a time when battery safety, reliability and performance are becoming increasingly critical to the energy transition and the broader electrification of transportation and industry, we are committed to building a robust solid-state battery ecosystem and delivering safer, more affordable and higher-performance battery solutions to customers worldwide, supporting the broader adoption of green energy, to alleviate the global energy and environmental crisis.

From a technology perspective, we have built solid R&D capabilities integrating materials, equipment and manufacturing processes, and have followed a clear and distinctive technological pathway promoting continuous innovation since our inception, to establish our technological superiority. Centered on organic-inorganic composite solid electrolytes, this pathway has provided a coherent route for us to advance from liquid batteries to solid-liquid hybrid batteries and, ultimately, to all-solid-state batteries. We believe this clear and commercially oriented development route has enabled us to align innovation with industrialization and translate technological progress into safe, efficient and competitive battery products and solutions for EV, ESS and emerging sectors.

From an industrialization and commercialization perspective, we were among the first companies globally to achieve mass production and vehicle integration of solid-liquid hybrid batteries, according to Frost & Sullivan. According to the same source, we were the world's largest manufacturer of solid-liquid hybrid and all-solid-state batteries by shipment volume in 2025, and one of the representative pioneers in the industrialization of solid-state battery technology.

From an application perspective, we provide both EV batteries and ESS batteries, serving the electric vehicle and energy storage sectors, each of which presents significant growth opportunities. We also actively respond to demand for high-performance batteries from emerging sectors, which we see as an incremental source of growth.

We have achieved the following technological and commercial milestones:

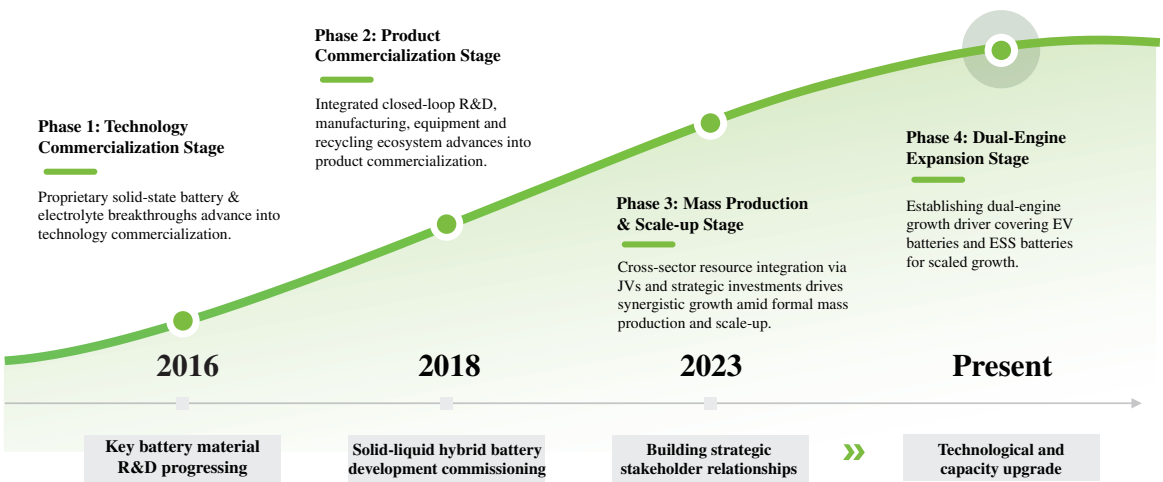
Technology	Commercialization	Operating Highlights
421Wh/kg Maximum energy density of our all-solid-state batteries at pilot-production stage[2]	**Global No.1** The first to mass-produce solid-liquid hybrid batteries for EV applications[1]	**32** MIIT-registered vehicle models count[2]
1,853 Patent applications filed in Chinese Mainland[2]	**Global No.1** Cumulative deliveries of solid-liquid hybrid and all-solid-state batteries[1, 2]	**134.1%** CAGR of solid-liquid hybrid battery deliveries[3]
29.6% R&D personnel proportion[4]	**Global No.1** The sole battery supplier of the world's largest solid-liquid hybrid battery energy storage station[1, 2]	**6.8 GWh** Combined annual production capacity of solid-liquid hybrid and all-solid-state batteries[2]

Notes:

1. According to Frost & Sullivan
2. As of Latest Practicable Date
3. From 2023 to 2025
4. As of December 31, 2025

Our Market Opportunity

According to Frost & Sullivan, EV battery demand has scaled alongside electric vehicle adoption and continues to grow as electrification deepens. ESS battery demand is expanding faster, driven by rising penetration of wind and solar power generation. In China alone, annual energy storage demand is projected to exceed approximately 3,000 GWh by 2035, according to Frost & Sullivan. At the same time, the rapid expansion of AI data centers is raising requirements for power reliability and operational stability, creating new applications for advanced battery technologies. Solid-state batteries are increasingly positioned to support continuous and stable operation of large-scale computing infrastructure. Emerging sectors are further elevating performance requirements for battery systems. Solid-state battery commercialization represents not merely an incremental technology upgrade, but a foundational enabler of the next generation of energy- and compute-intensive industries. According to Frost & Sullivan, the global solid-state battery market is projected to grow at a CAGR of 151.2% from 2026 to 2030, reaching 745.2 GWh by 2030.



Successful Commercialization Track Record

To capture these expanding market opportunities described above, we have built commercialization capabilities that allow us to move our technologies efficiently from development into scaled market deployment.

Our commercialization capabilities span the full product cycle, from market demand analysis and product design to project execution, sales and after-sales support. By maintaining direct control over both R&D and manufacturing, we translate customer requirements into finalized product specifications within shortened development cycles and iterate products without delays between initial development and production. We have also developed capabilities across key stages of the value chain, including critical materials, core equipment, manufacturing and battery recycling. Close coordination between technology development and production allows laboratory advances, such as proprietary composite solid electrolytes and new cathode chemistries, to move efficiently into commercially scalable products.

Our commercialization progress is reflected in a series of industry milestones. According to Frost & Sullivan, we were among the first companies globally to achieve mass production of solid-liquid hybrid batteries. In addition, we were the first company globally to deploy solid-liquid hybrid batteries using manganese-based cathodes at scale, marking the application of our technology in real-world commercial use. These capabilities have enabled us to build a portfolio of solid-state battery products for EV and ESS applications and to address expanding market opportunities with products that are already in commercial deployment.

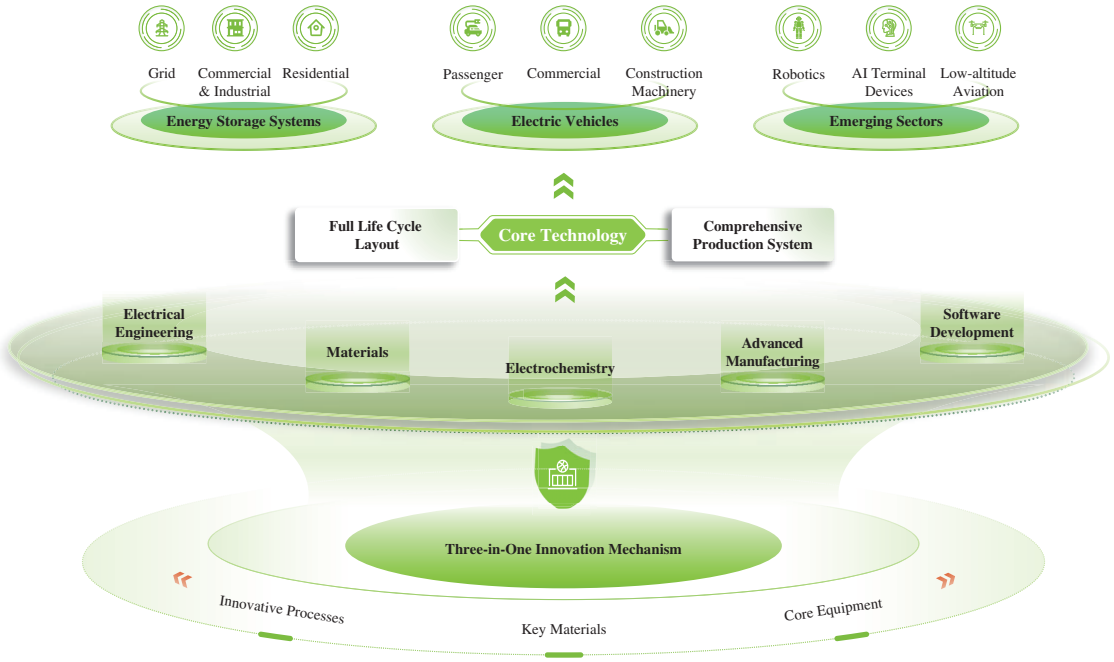
EV Batteries

We develop our EV battery products by leveraging the manufacturing, quality management and supply chain capabilities accumulated through our ESS battery business. Our EV batteries are designed to meet key vehicle performance requirements, including safety, energy density, fast-charging capability, durability, broad temperature adaptability and platform compatibility, enabling reliable operation across diverse vehicle models and use environments. As of the Latest Practicable Date, we had delivered over 16,800 units of our solid-state battery products across more than 30 passenger and commercial vehicle models from well-known automotive OEM brands, such as IM Motors, Morris Garages (MG), and Foton. To support continued mass production, we have maintained deep, long-term strategic partnerships with automotive OEMs, which continue to enhance our R&D, product integration and manufacturing efficiency.

ESS Batteries

We are among the first companies globally to introduce solid-state battery technology into the ESS sector, according to Frost & Sullivan, with the core objective of enhancing the safety and overall performance of energy storage systems and serving markets with stringent safety requirements and high value-added potential across grid, industrial and commercial, as well as residential applications. Our ESS battery products offer key performance strengths including high safety, long cycle life, broad temperature adaptability and high charge-discharge efficiency. On the grid side, we are the sole battery supplier of the world's largest solid-liquid hybrid battery energy storage station, located in Wuhai, Inner Mongolia, with a capacity of 800 MWh, demonstrating our ability to deliver large-scale commercial deployment. On the industrial and commercial side, we provide integrated energy storage and backup power systems for facilities requiring uninterrupted power supply, including data centers, financial institutions and healthcare facilities. In residential applications, we offer residential ESS battery products featuring long service life, ease of deployment and space efficiency, providing users with round-the-clock support for green residential electricity consumption.

The following diagram illustrates our integrated technology and innovation framework, which supports the development, manufacturing and commercialization of our solid-state battery products across multiple applications:



As of the Latest Practicable Date, we operated five battery production bases in China with a combined annual production capacity of 6.8 GWh for solid-liquid hybrid and all-solid-state batteries, located in Kunshan (two bases), Jiangsu; Yichun, Jiangxi; Chengdu, Sichuan; and Taizhou, Zhejiang. In addition, we operate materials production facilities in Huai'an, Jiangsu and Wuhai, Inner Mongolia, and an equipment production facility in Huizhou, Guangdong. We plan to further expand our battery production capacity through a combination of self-built facilities and collaborations with strategic partners, as further described in "Future Plans and Use of [REDACTED]."

Robust Innovation and R&D Capabilities

Innovation underpins how we develop and compete. Over the years, we have consistently focused on achieving independent R&D breakthroughs and commercialization in core solid-state battery technologies through an integrated innovation pathway across key materials, advanced processes and core equipment. Leveraging the deep expertise of our core R&D and management teams, we have achieved industry-leading breakthroughs in solid electrolytes, new cathode materials and advanced processes, enhancing battery safety, energy density, cycle life and manufacturing efficiency and reinforcing our competitive position in solid-state battery technologies. We operate the Qingtao Research Institute as our dedicated internal R&D coordination center to further strengthen our R&D efforts for proprietary solid-state battery technologies.

Our R&D center covers key disciplines including materials, electrochemistry, electrical engineering, advanced manufacturing and software development, supported by a full-stack R&D team. As of December 31, 2025, we employed 610 R&D personnel, including 22 PhDs and 281 master's degree holders, with a significant portion of our core technical staff graduating from Tsinghua University. This concentration of engineering talent supports our ability to execute complex solid-state battery development at scale.

As of the Latest Practicable Date, we had filed 1,853 patent applications in China, comprising 804 invention patents, 1,040 utility model patents, and 9 design patents, and has been granted 1,037patents domestically. Our research and development expenses were RMB142.0 million, RMB295.6 million and RMB376.9 million in 2023, 2024 and 2025, respectively, representing 57.2%, 72.9% and 40.0% of our total revenue for the corresponding years. According to Frost & Sullivan, we hold one of the industry's broadest patent portfolios in solid-state battery technologies.

Strategic Stakeholder Relationships and Market Integration

The industrialization and commercialization of solid-state batteries require a high degree of coordination across the value chain. Compared with conventional battery products, solid-state batteries typically involve longer development and validation cycles, more complex technical integration and closer alignment among materials development, manufacturing processes, equipment capabilities and end-use requirements. As a result, successful commercialization depends not only on technological progress but also on the ability to work closely with stakeholders across the value chain.

Our development is supported by strategic relationships across the solid-state battery value chain. These relationships extend beyond traditional customer supply arrangements to include joint technical development, coordinated product integration, project-level collaboration and participation in industry standard discussions related to solid-state batteries. Through this broader stakeholder network, we work alongside key participants that contribute to the commercialization of solid-state batteries.

Integrating a new battery technology into an automotive OEM's vehicle platform is a lengthy and technically demanding process. We have therefore focused on building deep strategic relationships with automotive OEMs as a core part of our commercialization strategy. In the EV battery sector, we leverage our automotive OEM customers' established capabilities in vehicle platform development, large-scale manufacturing, supply chain management and global distribution to accelerate the commercialization of our solid-liquid hybrid and all-solid-state battery products. Three of China's top ten automotive OEM groups, including SAIC Group, BAIC Group, and GAC Group, are our strategic shareholders, reflecting their recognition of our long-term technology value, commercialization potential and strategic importance within the evolving EV battery value chain.

Our engineering teams collaborate with automotive OEMs' vehicle development teams throughout the vehicle design process, enabling our battery systems to evolve together with vehicle architecture. This close integration allows us to align our capacity deployment and cost structure with automotive OEMs' production planning and supply chain requirements, improving deployment efficiency and optimizing our cost structure over time. As of the Latest Practicable Date, our products have been integrated with multiple passenger and commercial vehicle brands under major automotive OEMs, including SAIC Group and BAIC Group.

We selectively deepen long-term partnerships through joint investment. For example, we formed a joint venture with HASCO, a global automotive components supplier, enabling joint product development, coordinated manufacturing planning and collaboration on customer programs, further strengthening resource integration across the value chain.

In the ESS battery sector, rising demand for grid-scale and distributed energy storage, driven by the accelerating deployment of renewable energy and growing pressure on grid stability, has created substantial market opportunities both in China and internationally. We are now expanding our international customer base, which will contribute to a higher-margin revenue mix and supports overall profitability. In grid-scale storage projects, the project acquisition is characterized by discontinuity and uncertainty, therefore we coordinate closely with project investors, EPC contractors, power conversion system (PCS) suppliers and suppliers of auxiliary materials and components through strategic alliances

to pursue business opportunities and facilitate coordinated project delivery. In residential storage, customers can source both battery cells and complete storage systems directly from us, reducing supplier coordination.

Our execution capabilities are further reflected in customer recognition. In 2025, we received multiple supplier awards, including the Annual Technology Leadership Award from Foton, the Technical Enlightenment — Innovation Award from BAIC Foton Cavan, and the Outstanding Supplier — Synchronized Development Award from SAIC Group passenger vehicle division.

Our Commitments to ESG

Sustainability considerations are integrated into our operations and management processes. We are committed to playing a critical role in advancing the global energy transition, reducing carbon emissions and supporting the development of green mobility systems. Through our systematic Environmental, Social and Governance (ESG) practices, we seek to create sustainable value for our stakeholders, including investors, government authorities, customers, suppliers and employees. We have embedded low-carbon and green manufacturing across our production processes through process upgrades and resource management. We have also established an effective group-wide ESG governance and implementation framework. Specifically:

From an environmental perspective, we develop solid-state batteries with higher energy density and longer cycle life, reducing material use. Our manufacturing processes incorporate dry electrode processing technologies that reduce solvent use, energy consumption and emissions, supported by energy-efficiency and waste-management programs across our facilities. We are also advancing battery recycling efforts, including the recycling and reuse of battery materials and the establishment of systems to support the responsible handling and recovery of batteries. In addition, we are actively advancing energy conservation, emissions reduction and the development of green manufacturing systems across our production bases, while systematically optimizing energy use and waste management throughout our production processes.

On the social side, we promote responsible supply chain practices, comply with applicable labor regulations and prioritize employee safety, welfare and training. We also actively participate in industry standard-setting and the development of an open innovative ecosystem, promoting coordinated progress across the industry.

From a governance perspective, ESG oversight forms part of our broader risk management framework, supported by formal reporting and board-level supervision.

For more information, see "— Environmental, Social and Governance."

OUR STRENGTHS

The Pioneer in Advancing the Industrialization and Commercialization of Solid-State Battery Technologies

We are the pioneer in the industrialization and commercialization of solid-state battery technologies. Since our inception, we have focused on converting solid-state battery technologies from laboratory research into commercially deployable products. Through internally developed technologies, we have advanced the adoption of solid-state batteries across both EV and ESS markets, markets that require high standards of safety, performance and operational reliability.

Our progress reflects a steady expansion from early production scale-up to broad commercial deployment, beginning with solid-liquid hybrid batteries and advancing toward all-solid-state batteries. We established one of the world's earliest commercial production lines for solid-liquid hybrid ESS batteries in 2018, and expanded into EV applications by 2020, according to Frost & Sullivan. In 2021, together with SAIC Group, we completed vehicle validation of an ultra-high energy density solid-state battery, achieving a driving range of 1,083 km. As of the Latest Practicable Date, we had become the first company globally to achieve cumulative deliveries of solid-liquid hybrid batteries for more than 10,000 EVs. Our all-solid-state batteries began pilot production in 2025, and prototype vehicles equipped with our all-solid-state batteries were completed in March 2026.

Our early commercialization timeline and accumulated deployment experience have allowed us to develop manufacturing know-how, customer integration capabilities and operational scale ahead of broader industry adoption. These capabilities position us to capture opportunities arising from the continued growth of new energy vehicles and energy storage markets as solid-state battery technologies move toward wider commercialization.

Innovations Across Materials, Processes and Equipment Strengthening Our Technology Moat

We integrate materials innovation, manufacturing processes and proprietary equipment development to move solid-state battery technologies efficiently from research into commercial production. This vertically integrated model allows us to control critical technologies, accelerate product iteration and scale manufacturing with consistency and cost discipline, reinforcing our competitive position in solid-state batteries.

Materials innovation drives performance, cost efficiency and scalability. We have chosen a distinctive organic-inorganic composite solid electrolyte technology path, which is compatible with cathode and anode materials that conventional liquid electrolytes cannot effectively support. On that basis, we focus our innovation on core battery materials, including solid electrolytes and next-generation cathode and anode materials, to improve performance, reduce cost and support scale-up. For example, we have developed a proprietary SHO solid electrolyte with high lithium-ion conductivity and superior stability. Based on our calculations using publicly available research data, it offers higher room-temperature ionic conductivity than liquid electrolytes, as well as superior reduction stability and humidity stability, at a unit cost that is approximately one-tenth that of Li_6PS_5Cl, a commonly used sulfide-based solid electrolyte. We have incorporated this material into our all-solid-state batteries to improve both safety and electrochemical performance. We have also developed high-voltage manganese-based cathode materials that, while incompatible with liquid electrolytes, are well-suited for use in solid-state batteries, including lithium manganate (LMO), lithium nickel manganese oxide (LNMO) and lithium-rich manganese-based cathodes (LRM). These cathodes can be applied in solid-state batteries to improve safety, cycle life, power performance and low-temperature performance with lower costs. These efforts support broader and more scalable adoption across both EV and ESS applications.

Process innovation supports scalable manufacturing and battery performance. We develop proprietary manufacturing processes designed to enable the mass production of solid-state batteries. We have developed in-house core processes, such as interface integration, direct forming of solid electrolyte layers and dry electrode process, with a focus on scalable manufacturing and superior battery performance. According to Frost & Sullivan, our mass-produced solid-liquid hybrid battery products have achieved yields exceeding 94%, placing us among the top performers in the industry. To accommodate higher-energy-density battery materials, we have developed a range of proprietary process technologies in-house, covering how cathode and anode materials are structured, how cells are

assembled and how material degradation is managed over the battery's operating life. These process innovations provide a solid technical foundation for the continued improvement of energy density, cycle life and safety performance.

Proprietary manufacturing equipment enhances production control and scalability. We internally develop key manufacturing equipment across critical battery production processes, allowing us to improve production precision, efficiency and consistency while reducing reliance on third-party suppliers. For example, we have developed precision equipment to improve the uniformity of cathode sheets, which is key to battery performance and production consistency. We have independently developed transfer printing equipment that supports high-speed, continuous forming of solid electrolytes. We have also co-developed equipment with our strategic business partners automation equipment for critical dry-mixing, a key process that affects electrode structure and electrical performance.

Robust Engineering Capabilities Accelerating Commercial Deployments

We have built an integrated operational system that connects order planning, inventory management, production execution and logistics into a single digitally managed workflow. This allows us to run manufacturing with high visibility and control, improving efficiency, product consistency and cost discipline as production scales. Currently, we have achieved real-time data monitoring throughout the entire process, from order intake, raw material warehousing, unpacking and precise workstation delivery to production execution and quality inspection. In addition, our engineering execution capabilities support the rapid deployment of new production lines. For example, in Taizhou, Zhejiang, we completed equipment installation, commissioning, and start-up of a 3.1 GWh annual capacity production line in less than 60 days in early 2026 — a pace faster than the industry average, according to Frost & Sullivan — demonstrating our ability to bring new capacity online efficiently.

Additionally, our production lines are designed with built-in flexibility, allowing rapid switching between product types without major modification. This flexibility allows us to support product validation, new product introductions and customer-specific requirements without significant production disruption. Flexible manufacturing also improves resource utilization and strengthens our ability to iterate products quickly and respond to evolving customer demand.

Deep Customer Integration Driving Commercial Adoption

Our strong execution track record has enabled close integration with customers and industry partners across both EV and ESS battery markets, allowing us to develop products directly around commercial deployment needs and scale adoption more efficiently.

In the EV battery sector, we work closely with automotive OEMs during vehicle development, allowing our battery products to be integrated into vehicle platforms from an early stage. This collaboration model also accelerates commercialization and supports replicable customer expansion. To date, our batteries have been installed in multiple vehicle models, including one of SAIC Group's key models, MG4. Specifically, in the commercial vehicle sector, our jointly developed battery with Foton Cavan entered mass production in 2025 and is adopted across multiple vehicle brands, including Foton's Toano and Forland, SAIC Group's Yuejin, and Iveco, supporting broader commercial deployment.

In the ESS battery sector, our close collaboration with domestic customers has supported the delivery and grid connection of large-scale benchmark projects. These projects reflect our ability to support customers across project design, deployment and operation, which strengthens long-term commercial relationships and lays the groundwork for repeat deployments. These customer relationships also support our market expansion, contribute to recurring revenue opportunities and validate the scalability of our collaboration model across different markets. Outside China, we seek to expand

through partnerships with local participants in selected high-value markets, where project gross margins are generally more attractive. We also offer residential ESS products based on our solid-liquid hybrid battery technology and standardized modules, and are pursuing opportunities to expand further into emerging markets.

Experienced and Visionary Leadership Team with a Clear Commercialization Strategy

Our management team is led by key executives including Dr. Feng Yuchuan, Dr. Li Zheng and Dr. He Hongcai, who are supported by a broader team combining deep expertise in battery technology, industrial operations and commercialization with hands-on experience in scaling technologies into commercially viable products. Additionally, the long-term collaboration among core team members has supported consistent strategic direction and disciplined execution as we progress from technology development to large-scale deployment.

Our management team has focused on turning technical progress into scalable manufacturing and commercial adoption. Guided by an engineering-driven mindset and the business objective of achieving large-scale mass production with controllable costs, our management team has effectively connected technological breakthroughs with market demand. Based on their keen insight into industry trends, our management team has formulated a clear phased development strategy and has also enhanced our manufacturing capabilities and attracted manufacturing talent through strategic acquisitions. At the same time, we have continued to attract and develop talent with strong engineering, execution and customer development capabilities, further strengthening our ability to industrialize our technologies, expand customer relationships and support large-scale deployment. Under their leadership, we have expanded production capabilities through selective investments, acquisitions and team building while aligning product development closely with customer programs. These efforts have supported our progression from early-stage research to commercial production and growing market deployment of solid-state battery technologies.

OUR STRATEGIES

We plan to execute the following development strategies:

Continue to Invest in R&D to Ensure a Leading Position in Technology

We will continue to invest in research and development to ensure a leading position in technology and to improve the performance and manufacturability of our solid-liquid hybrid and all-solid-state batteries through innovations of materials, processes and system integration. At the materials level, we are advancing new cathodes specifically for solid-state batteries, solid electrolytes and anode-free designs to improve safety and key performance metrics, including cycle life, energy density, power output and low-temperature performance. In process innovation, we are advancing key manufacturing technologies while also developing core equipment and validating it on our own production lines. At the system integration level, we are developing new integration solutions for all-solid-state batteries and addressing engineering challenges, including low-temperature performance and pressure uniformity within cells, through system-level optimization. Through the R&D initiatives and other innovation activities, we aim to build a proprietary technology base that reinforces our competitive position and sustains our leadership in the solid-state battery industry.

To support the effective conduct of our R&D activities, we are committed to building an R&D team that combines fundamental research capability with industrialization and scale-up experience. We attract and retain talent across interdisciplinary fields, including material sciences, equipment engineering, process engineering and electrochemical science, through performance-based incentive

schemes, and promote cross-functional knowledge sharing within our R&D organization to accelerate the translation of research outcomes into scalable production solutions, thereby sustaining our competitive advantages in the solid-state battery industry.

In addition, we will continue to deepen our strategic cooperation with universities and research institutions, with a focus on joint research into frontier topics. We also intend to establish deeper strategic cooperation with more Automotive OEMs in the R&D field, realizing integrated collaborative innovation across industry, research and application.

Expand Solid-liquid Hybrid Battery Production Capacity

We believe battery demand is shifting toward higher safety, improved performance and lower cost. Over the near to medium term, solid-liquid hybrid batteries provide a practical upgrade path which combines improved safety and energy density with cost competitiveness. To capture this opportunity, we plan to expand our solid-liquid hybrid production capacity. We intend to build new production bases in China and expand our existing ones, targeting a total production capacity of 98.2 GWh by 2030. We plan to expand our production capacity through a combination of self-built manufacturing facilities, joint development of production facilities with partners, and engagement of contract manufacturing partners, while continuing to improve our capacity utilization.

Reduce Production Cost Through Materials Innovation, Supply Chain Optimization and Scaled Manufacturing

We intend to continue reducing the production cost as a core part of our commercialization strategy. We plan to leverage our materials technologies and battery architecture to further develop and apply materials with attractive cost-performance profiles, particularly manganese-based cathode materials and, for next-generation products, lithium-metal-based material systems. We intend to lower unit cost by increasing procurement volumes for key raw materials with volume-based discount, improving yield on our transfer-printing and cell assembly lines, reducing raw material consumption per conforming unit, and transitioning projects from pre-commercial and ramp-up phases to mass production. As our production scale increases and our manufacturing processes continue to mature, we expect to further improve cost efficiency and strengthen the commercial attractiveness of our battery products. For more information about our efforts to reduce costs, see " — Business Sustainability and Path to Profitability."

Advance All-Solid-State Battery Commercialization

All-solid-state batteries are a core focus of our long-term strategy. As solid-liquid hybrid batteries are already in mass production, we are leveraging existing manufacturing experience, processes and supply chain capabilities to accelerate commercialization of all-solid-state products.

Our technology roadmap centers on organic-inorganic composite solid electrolytes. Building on the proven architecture of solid-liquid hybrid batteries, we continue to optimize and upgrade dry electrode processing and transfer-printing technologies and advance the industrial development of dedicated equipment for solid-state batteries. We have completed prototype vehicle testing for our all-solid-state batteries, and more prototype vehicles are expected to roll off the production line in the near term, laying a solid foundation for the mass production of all-solid-state batteries.

Expand Customer Base and Increase Market Share

EV batteries are one of our near-term commercialization priorities. Building on our early commercialization with leading domestic automotive OEMs, including SAIC Group, we seek to expand adoption across additional vehicle models and broaden our customer base across both passenger and commercial vehicle segments. For passenger vehicles, we aim to leverage the power and low-

temperature performance advantages of our solid-liquid hybrid batteries to support wider deployment across models and operating environments. For commercial vehicles, we focus on cost-effective mass production applications, particularly in heavy-duty trucks, where electrification remains at an early stage and demand for higher energy density and durability is increasing. Through deeper integration with existing automotive OEM customers and selective expansion to new customers, we aim to increase shipment scale over time and strengthen our position as a scalable and reliable battery supplier.

We will also continue to grow our ESS battery business by pursuing high-quality projects where solid-liquid hybrid batteries offer clear advantages. We will focus on large-scale, high-quality energy storage projects and seek early deployment opportunities in key scenarios such as mega-city power grids, data centers and other emergency systems, while also actively broaden adoption in residential and other safety-critical applications. We will also prioritize expansion in high-potential regions, such as the Yangtze River Delta and the Chengdu-Chongqing Region.

We are also expanding applications of our battery products into emerging sectors, such as AI terminal devices, robotics, and low-altitude aviation, where demanding safety and energy density requirements are well aligned with the core strengths of our battery technologies. We maintain cooperative relationships with a number of leading companies in these sectors and are advancing technology development and designated collaboration projects.

Drive International Expansion and Localized Execution

We view international expansion as a core component of our long-term growth strategy and plan to pursue it through multiple channels across both our EV battery and ESS battery businesses.

For our EV battery business, we plan to support the international expansion of Chinese automotive OEMs with whom we already have established relationships, while also pursuing opportunities with overseas automotive OEMs directly. Leveraging our deep cooperation with automotive OEMs, we believe our solid-liquid hybrid batteries, with strong low-temperature performance, power capability and safety profile, are well suited for overseas markets. We believe these product strengths position us to support automotive OEMs in improving the competitiveness and premium positioning of their vehicle offerings in international markets. We are also actively engaging with established international automotive OEMs regarding potential cooperation opportunities, including for higher-end vehicle models in China and broader battery product deployment in overseas markets.

For our ESS battery business, we plan to expand our overseas presence by broadening product deployment, strengthening sales and service capabilities through local partners, and advancing required certifications in key markets. Our initial focus is on residential energy storage systems, where we believe our products can offer safe and cost-effective solutions tailored to household energy storage needs. Over time, we also plan to expand into containerized energy storage applications for industrial and commercial uses, as well as grid-side applications. We are also advancing overseas compliance, certification and local standards alignment for our ESS battery products to expand our international sales presence and increase our share of the global energy storage market.

In March 2026, we entered into a strategic cooperation agreement with TÜV Rheinland, a globally recognized testing and certification organization, to advance collaboration on solid-state batteries and key materials, including compliance, certification, standard development and global market access, which we believe will further support our international expansion and overseas commercialization efforts.

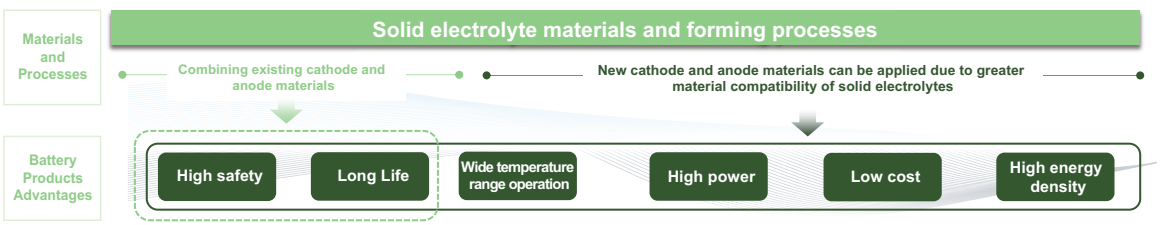
Enhance ESG Capabilities to Support Sustainable Growth

We are committed to green and sustainable development throughout our production and operating processes. We strictly comply with applicable environmental laws and regulations and seek to ensure that our production processes meet relevant environmental emission standards, thereby fulfilling our social responsibilities and advancing our ESG goals. We have established dedicated functions for ESG and carbon footprint management, expanded into the battery recycling space and built an integrated value chain spanning materials, equipment, batteries and recycling, which promotes efficient resource circulation and helps reduce raw material costs.

We also seek to build a more efficient and sustainable production system through collaboration and continuous improvement. We plan to further enhance the safety and sustainability of our battery products across their lifecycle through management upgrades and system optimization, while improving energy efficiency and supporting the broader adoption of green energy solutions across industries.

OUR DIFFERENTIATED TECHNOLOGICAL PATHWAY

A fundamental challenge facing the solid-liquid hybrid and all-solid-state battery industry arises from the inherent physical and chemical properties of solid electrolytes, including sulfide-, oxide-, polymer- and halide-based materials. While each offers advantages in certain respects, none is able to deliver the full range of performance characteristics required for large-scale commercial application. We therefore pursue a composite electrolyte architecture that combines complementary material properties to achieve simultaneously ionic conductivity, interfacial stability, manufacturability, durability and cost efficiency at scale. More specifically, we focus on the development of organic-inorganic composite solid electrolytes and related forming processes to support the safety and cycle life of solid-liquid hybrid and all-solid-state batteries, while enabling compatibility with a broader range of next-generation cathode and anode materials. This approach also helps unlock key performance advantages, including high power output, high energy density, strong low-temperature performance and lower cost.



Our composite solid electrolytes architecture combines an organic polymer matrix with inorganic solid electrolyte particles, such as oxide- or halide-based nanoparticles, to improve ion transport and mechanical stability. We are one of the very few solid-state battery companies to have achieved tangible commercial deployment using organic-inorganic composite solid electrolytes in our battery architecture, according to Frost & Sullivan. We believe such pathway is a fast and commercially viable technology route that allows us to develop and commercialize solid-liquid hybrid batteries and all-solid-state batteries concurrently.

Since our founding, we have pursued this technological pathway with a strong focus on both innovation and industrialization. Over time, we have developed, and continue to expand, a substantial patent portfolio and deep technical know-how in inorganic solid electrolytes, polymer matrices, and organic-inorganic composite solid electrolytes, as well as specialized electrode materials that are compatible with solid electrolytes but not conventional liquid electrolyte systems. We believe these capabilities provide the foundation for our battery technologies, spanning our current solid-liquid hybrid batteries and our next-generation all-solid-state batteries.

With respect to specialized electrode materials for solid-state batteries, a key focus of our development efforts is manganese-based cathode materials, including LMO, LNMO and LRM. One of the principal challenges associated with manganese-based cathodes is performance degradation caused by manganese dissolution during charge and discharge cycles. Leveraging our materials engineering capabilities, we have mitigated this challenge and improved battery life. As a result, we are able to capture the core advantages of manganese-based chemistries, including strong low-temperature performance, high power capability, high energy density and lower cost, without materially compromising durability. We also develop other cathode and anode materials, including LFMP cathodes and lithium-metal-based anodes, to support a range of battery designs and performance objectives.

Our unique technological pathway provides us with distinct advantages in the development and industrialization of solid-state batteries:

- **Better solid-solid interfacial contact:** Our organic-inorganic composite solid electrolytes help maintain stable contact with electrodes during cycling, reducing interfacial resistance as electrode volumes change. This also allows our all-solid-state batteries to operate without the high external pressure required by some other solid-state systems.

- **More Efficient ion transport:** By combining polymers with inorganic fillers, we improve room-temperature ionic conductivity relative to pure polymer electrolytes. This supports stronger charge and discharge performance while avoiding the processing challenges of purely inorganic systems.

- **High stability enabling superior safety performance:** Our electrolytes remain stable in air and do not generate toxic gases when exposed to oxygen or moisture. They also performs reliably under high-temperature and abuse-test conditions.

- **Broad material compatibility:** Our electrolyte system are compatible with a wide range of cathode and anode materials and supports operation at up to 4.8V. This gives us flexibility to optimize energy density, cycle life and cost across different applications, with demonstrated energy densities of more than 400Wh/kg and up to 530Wh/kg in selected configurations.

- **Combining cost structure and production scalability:** Our pathway is compatible with certain existing conventional lithium-ion production processes and equipment, which supports more efficient scale-up. It also does not require the expensive specialized facilities and high-pressure equipment used in sulfide-based production.

Building on these technical advantages, we have been developing a broad portfolio of solid-state battery products designed to deliver compelling performance, including enhanced safety, longer cycle life, higher energy density, stronger power performance, and improved low-temperature performance, while also lowering manufacturing cost.

Solid-liquid Hybrid Batteries and All-solid-state Batteries

Based on differences in electrolyte composition and cell architecture, our battery products can be categorized into two main categories: **solid-liquid hybrid batteries** and **all-solid-state batteries**. A battery is classified as a solid-liquid hybrid battery when solid electrolytes account for more than 10% of the total electrolyte by mass and play a practical role in ion conduction and safety, while all-solid-state battery refers to a type of battery in which the entire electrolyte system is composed solely of solid electrolytes. These two battery technologies are expected to coexist for the foreseeable future, each serving different applications based on their performance profiles and cost positions.

Solid-liquid hybrid batteries

Solid-liquid hybrid batteries combine solid electrolyte materials with a limited proportion of liquid electrolyte within battery cells.

Compared with conventional liquid lithium-ion batteries, solid-liquid hybrid batteries improve thermal stability and structural integrity while reducing safety risks associated with liquid electrolytes. In our products, inorganic oxide solid electrolytes such as LLZO and LATP are combined with polymer matrices and integrated with cathode materials through continuous coating processes, helping suppress lithium dendrite growth and improve safety.

Solid-liquid hybrid batteries can be produced using modified conventional lithium-ion production processes. Because they can be integrated into existing coating, assembly and cell manufacturing workflows with limited changes, they are more suitable for industrial-scale production than all-solid-state batteries that require entirely new manufacturing processes.

All-solid-state batteries

All-solid-state batteries use solid materials as the electrolyte and ion-conducting medium, replacing the liquid electrolytes used in conventional lithium-ion batteries. This architecture is designed to improve safety, energy density, thermal stability and durability.

We have developed capabilities in the development and scalable production of next-generation inorganic solid electrolytes, including halide-based systems and SHO systems, and combine them with highly stable polymer matrices to form organic-inorganic composite solid electrolytes. This is intended to retain the high ionic conductivity of inorganic electrolytes while maintaining the manufacturing compatibility and interfacial stability characteristic of polymer- based systems. On the cathode side, we have focused on manganese-based materials, and have developed solutions to address cycling challenges associated with manganese dissolution, enabling improved safety, low-temperature performance and cost efficiency.

We have also developed an all-solid-state battery platform based on organic-inorganic composite solid electrolytes, manganese-based composite cathodes and lithium-metal composite anodes that comply with national standards. Using this system, we have produced 15 Ah all-solid-state battery cells with an energy density of 401.5 Wh/kg and 84% capacity retention after 1,000 cycles, and have also developed key manufacturing technologies and dedicated equipment to support scalable production.

Over the long term, we believe all-solid-state batteries represent a key direction for the next generation of EV and ESS batteries, and are developing scalable, commercially viable all-solid-state battery products for EV and ESS applications, as well as emerging sectors, such as AI terminal devices, robotics and low-altitude aviation. As of the Latest Practicable Date, we have commissioned a 0.1 GWh pilot production line in Kunshan, Jiangsu, completed pilot-scale batch production of cells exceeding 60 Ah, and deployed these cells in prototype vehicle testing.

OUR PRODUCT PORTFOLIO

During the Track Record Period, our revenue is primarily generated from the sale of EV and ESS battery products. We also derive some portion of revenue from the sale of automation equipment used in battery production and recycling activities.

The following table sets forth our revenue by product type for the years indicated, and as a percentage of total revenue.

	Years ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)					
EV battery products	6,339	2.6	11,619	2.9	236,547	25.1
ESS battery products	92,313	37.2	258,360	63.7	592,072	62.8
Automation equipment	114,042	45.9	114,955	28.4	77,234	8.2
Others	35,539	14.3	20,412	5.0	37,144	3.9
Total	**248,233**	**100.0**	**405,346**	**100.0**	**942,997**	**100.0**

The following table sets forth our sales volumes and average selling prices (net of tax) ("**ASP**") by product type for the years indicated.

	Years Ended December 31,					
	2023		2024		2025	
	Sales Volume (GWh)	ASP (RMB per Wh)	Sales Volume (GWh)	ASP (RMB per Wh)	Sales Volume (GWh)	ASP (RMB per Wh)
EV battery products	0.01	0.56	0.02	0.60	0.78	0.31[(1)]
ESS battery products	0.13	0.70	0.48	0.54	1.17	0.51[(2)]

Notes:

(1) The ASP for EV battery products in 2025 primarily represents the selling price of individual battery cells.

(2) The ASP for ESS battery products in 2025 primarily represents the selling price of battery packs with integrated control systems.

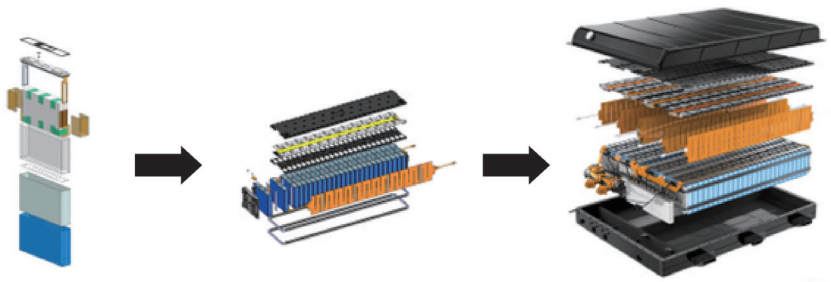
During the Track Record Period, the sales volume and ASP of our EV battery products were primarily driven by the commercialization stage of our EV battery business and changes in product mix. In 2023 and 2024, our EV battery products were primarily in the pre-commercial phase, with deliveries consisting mainly of small-batch shipments for vehicle testing, validation and supplier qualification, limited in volume but involving more customization, resulting in a relatively higher ASP. Beginning in 2025, we started supplying EV battery products in larger volumes to leading automotive OEMs. The ASP per Wh decreased from RMB0.60 in 2024 to RMB0.31 in 2025, primarily because a significant proportion of our 2025 deliveries were made to two leading automotive OEMs at market-based bulk pricing, reflecting volume-based commercial terms, as opposed to the higher per-unit pricing associated with our precommercial phase deliveries. As deliveries transitioned to larger-scale commercial supply, shipment volumes increased while ASP decreased in line with prevailing market pricing.

During the Track Record Period, the sales volume and ASP of our ESS battery products were primarily affected by industry pricing trends, changes in customer mix, the price trend of raw materials and the scale of our deliveries. During the same period, prices of key upstream battery materials, including lithium compounds, declined across the industry. At the same time, competition in the ESS battery market intensified. Our shipment volumes of ESS battery products increased during the Track Record Period as we expanded relationships with system integrators and large project developers. For additional information about our plans to enhance the cost structure of our battery products, see "— Business Sustainability and Path to Profitability."

EV Battery Products

Our EV battery business is built on our proprietary battery technologies that enable the development of batteries with high safety, long cycle life, high energy density, strong power performance, reliable low-temperature performance and cost competitiveness, for use in both electric and hybrid vehicles.

During the Track Record Period, our EV battery products consisted of solid-liquid hybrid batteries offered in three formats, designed to meet diverse vehicle integration and customer needs: individual **cells**, sold directly to automotive OEMs that assemble their own modules and packs; **modules**, which combine multiple cells into a single unit, for customers who integrate the modules into their own pack designs; and **packs**, which integrate modules with cooling, structural and control components, providing a ready-to-install system for customers seeking a fully assembled solution for their vehicles.



CELL **MODULE** **PACK**

The hybrid architecture of our solid-liquid hybrid batteries delivers higher energy density, longer operating life, and improved safety performance compared with traditional lithium-ion solutions. Our EV batteries are particularly suited for practical vehicle applications, supporting fast charging, stable performance over extended use, and longer driving range.

Our EV batteries are offered in multiple models, each tailored to different vehicle integration needs. The table below summarizes the technical specifications and typical applications of each model:

	EV battery model 1	EV battery model 2	EV battery model 3	EV battery model 4
Product figure				
Key features	**High energy density:** 285 Wh/kg **Low-temp & power performance:** Capacity retention of over 94% at –20°C @ 1C discharge; Supports 2C fast charging; **Cycle life:** over 1,600 cycles at 80% capacity retention	**Wide temperature range operation:** Excellent high-temp cycle life & low-temp performance: Over 4,500 cycles at 70% capacity retention at 45°C; Capacity retention rate exceeding 85% at –40°C @ 1C discharge.	**All-climate performance:** Capacity retention of over 99% at –40°C @ 1C discharge; **High power response:** Discharge power over 100% higher than LFP cells at –20°C across 25% to 100% SOC range.	**Superior power performance:** Peak discharge rate of over 17C at 25°C; Capacity retention of over 97% @ 3C constant current discharge; **Excellent low-temp performance:** Capacity retention of over 92% at –20°C @ 0.33C discharge; Cold cranking power capability of over 110W at –30°C.
Applications	Installed in IM L6 Lightyear Edition, supporting a driving range of over 1,000 km on a single charge, and extended 400 km driving range after 12 min charging.	Designed for commercial EVs, supporting capability of operating under air-cooled conditions with improved system integration efficiency and reliability	Fast response and strong low-temp performance expand the applicability of passenger EVs across colder regions	Outstanding power and low-temp performance during entire SOC, energizing PHEV or EREV

Building on the established foundation of our solid-liquid hybrid EV batteries, we have advanced beyond laboratory validation and pilot production to establish production capacity for all-solid-state batteries, which we are scaling in anticipation of market demand. We expect solid-liquid hybrid batteries and all-solid-state batteries to coexist for the foreseeable future, depending on application requirements and cost considerations. Accordingly, we plan to continue to manufacture and commercialize both types of batteries to address different market needs and customer demands.

Technical and Performance Metrics

Our EV batteries are engineered to meet the key performance requirements of electric vehicles, including driving range, charging speed, durability, temperature stability, and safety. Our portfolio of EV batteries excels in various dimensions of battery performance.

- **Superior Safety.** Leveraging advanced materials and solid-state technologies, our batteries are more resistant to overheating, leakage and other hazards than conventional batteries. Enhanced safety reduces the risk of thermal runaway and other failures, providing a high level of safety assurance to both automotive OEMs and end users and supporting broader adoption in high-value applications.

- **Outstanding low-temperature performance.** We offer EV batteries designed to operate reliably across a wide temperature range, from –40°C to 65°C. Certain of our batteries maintained capacity retention of over 99% at –40°C under 1C discharge. In passenger vehicle applications, our batteries achieved driving range retention of 75% under –7°C warm-up conditions, exceeding the industry average by approximately 20 percentage points. This performance enhances vehicle usability and broadens the commercial applicability of our batteries across diverse geographic markets and customer groups.

- **High energy density.** Our batteries are designed to deliver high energy density, enabling greater energy storage relative to size and weight. This supports longer driving ranges, which remain a key performance requirement for EVs. The battery packs of our EV battery model 1 deliver approximately 14% higher energy density than conventional liquid or solid-liquid hybrid batteries of a similar generation, according to Frost & Sullivan, and support driving ranges of up to 1,000 kilometers on a single charge. These attributes make our batteries well suited for high-performance and long-range vehicle applications.

- **High power performance.** Our batteries are designed to support strong and sustained power output without compromising safety or overall performance, delivering an enhanced driving experience for the users.

- **Fast-Charging Performance.** Designed to recharge quickly without compromising safety or performance, our batteries allow drivers to restore substantial driving range during short stops. This feature enhances convenience, reduces range anxiety, and supports broader adoption of electric vehicles, especially in commercial and high-usage applications.

- **Long cycle life.** Our batteries are engineered for long cycle life and calendar life, supporting consistent performance over extended periods of use. They are designed to maintain capacity and reliability through repeated charging and discharging cycles and over years of operation, which helps extend vehicle life and reduce replacement costs.

- **High Compatibility.** Our battery packs are compatible with the major electrical systems used in today's EVs, which allows smooth integration with a wide range of automotive OEM platforms. This flexibility, combined with scalable manufacturing and optimized system design, enables us to supply batteries efficiently for multiple vehicle programs, supporting both domestic and international growth.

Case Study: Performance validation of our first manganese-based solid-liquid hybrid batteries

Our first manganese-based solid-liquid hybrid batteries have demonstrated strong safety performance and low-temperature performance, both of which are critical to the practical use of electric vehicles. Independent automotive media testing highlighted the batteries' ability to maintain structural integrity, energy retention and charging capability under demanding conditions.

In safety testing, a fully charged cell remained free from fire or explosion after penetration by a 10 mm threaded steel bar and two hours of static observation. In low-temperature testing under conditions approaching –40°C, the battery maintained 99.7% of its charge after the vehicle was parked overnight for 12 hours following charging. Even with 30% SOC remaining in a low temperature environment mentioned above, the battery was still able to gain an additional 14% charge in 30 minutes, supporting 71 kilometers of additional range.

These performance characteristics supported the successful application of our battery in the MG4, an MG-branded model under SAIC Group and the world's first mass-produced vehicle equipped with a manganese-based solid-liquid hybrid battery. Since its launch, the solid-liquid hybrid battery version of the MG4 has attracted significant market attention and has become a key selling point of the model.

Strategic Collaboration with Automotive OEMs

Strategic collaboration with automotive OEMs is a core driver of both our technological progress and successful commercialization. We focus on achieving breakthroughs in the transition to solid state battery technology by replacing conventional liquid electrolytes with our proprietary solid electrolyte systems and progressively reducing liquid content across successive product generations. In doing so, we prioritize cost efficiency, safety performance, low temperature capability, and scalable manufacturing processes. This strategy has enabled mass production of solid-liquid hybrid batteries, resulting in highly competitive products that support our automotive OEMs partners' vehicle programs.

Our engineering teams collaborate closely with automotive OEMs, and participate directly in battery system integration, packaging layout, and vehicle-level testing. Technical specifications are defined jointly with automotive OEMs based on performance, safety, cost, and regulatory requirements, and are refined through iterative process and material optimization, equipment commissioning and line qualification, and pilot production. This coordination improves production planning, quality control, and supply chain alignment with automotive OEM schedules, enhances manufacturing consistency and delivery reliability, optimizes costs, and enables our technical solutions to adapt across multiple models, supporting economies of scale and accelerating development efficiency.

We have established and maintained close collaborative relationships with leading automotive OEMs and continue to deepen such collaborations to expand our sales channels and market presence. In the passenger-vehicle segment, we have worked closely with SAIC Group on the development and integration of our battery solutions into passenger vehicle platforms, supporting the commercialization of our products in mass production vehicle programs and helping us refine product performance, system integration and manufacturing readiness. In the commercial-vehicle segment, we have partnered with Foton since 2022, with our technical teams working together to define battery specifications for vehicles requiring extended cycle life and stable performance under frequent use. The first jointly developed solution for light commercial vehicles was completed in 2023 and entered mass production in 2025. The battery design is adaptable across multiple commercial vehicle platforms. We have also collaborated with SAIC Group in launching its Yuejin model.

The development and commercialization of our all-solid-state battery products are also supported by close collaboration with automotive OEMs. We have completed the design and simulation of all-solid-state battery modules and PACK systems, and prototype battery packs have been successfully manufactured and taken off the production line. Building on this progress, we have jointly developed, together with SAIC Group, an electric vehicle equipped with all-solid-state batteries, with the first prototype vehicle completing final assembly in early 2026.

Commercialization

In 2020, we completed construction of a production line for vehicle-grade solid-liquid hybrid EV batteries, marking the start of vehicle-grade manufacturing. We subsequently refined manufacturing processes to improve cell consistency, production yield, cost control, and safety testing, establishing a stable foundation for mass production and vehicle integration.

Our batteries have been installed across multiple vehicle categories. High-energy-density solid-liquid hybrid batteries are deployed in premium passenger vehicles, including the IM Motors L6 Lightyear Edition. Manganese-based solid-liquid hybrid batteries are used in passenger vehicles such as the SAIC Group's MG4 Anxin Edition. In commercial vehicles, lithium iron phosphate solid-liquid hybrid cells have been installed in 29 models from leading automotive OEMs, such as Foton Xiangling, Cavan Lefu, SAIC Group's Yuejin, and Iveco, as of the Latest Practicable Date. The deployment of our battery products on all these vehicle models has obtained approval in the PRC Ministry of Industry and Information Technology vehicle catalogue, a prerequisite for the commercial launch of the vehicle model.

ESS Battery Products

Our ESS battery products include battery cells, modules assembled from multiple cells, battery packs with integrated control systems, and fully assembled battery cabinets and enclosures. Customers may purchase these products either as individual components for integration into their own systems or as complete storage units ready for installation. By offering products at multiple assembly levels, we can serve projects ranging from household installations to large-scale infrastructure deployments.

Our ESS battery products are offered in multiple models, each tailored to specific applications, illustrated as follows:

	ESS battery model 1	ESS battery model 2	ESS battery model 3
Product Figure			
Product Format	36Ah pouch cell	314Ah prismatic cell	120 Ah/150 Ah prismatic cell
Key Features	**High C-rate capability:** supporting 4C charging and 6C discharging **Wide operating temp range:** from –40°C to 60°C	**Long cycle life:** Over 8,000 cycles at 70% capacity retention	**High C-rate capability:** Supporting 1.2C charging and 1.5C discharging
Applications	Suitable for short-duration backup power storage, data centers, emergency starting and similar applications	Designed for long-duration use cases requiring extended cycle life, including generation-side and grid-side ESSs	Suitable for industrial & commercial and residential ESS applications, supporting comparable power output by using lower capacity

Technical and Performance Metrics

Our ESS battery products deliver practical performance for long-duration and frequently cycled applications under varying environmental conditions.

- **Safety and reliability:** Our ESS batteries use solid-liquid hybrid battery cells, which contain significantly less liquid electrolyte compared with conventional liquid lithium-ion batteries. The reduced liquid electrolyte content results in a substantial improvement in safety performance. In addition, solid-liquid hybrid batteries utilize high-temperature-resistant solid electrolyte materials, further enhancing the intrinsic safety of the cells. Our batteries have also undergone a series of rigorous safety tests, while maintaining stable and reliable performance.

- **Long cycle and service life:** Our ESS batteries are designed to deliver long cycle life, supported in part by solid electrolytes with high lithium-ion conductivity, allowing us to address the conventional trade-off between lower electrolyte content and battery life. For example, our solid-liquid hybrid 314 Ah ESS cell achieves cycle life of up to 8,000 charge-discharge cycles at 70% SOH.

- **High-rate capabilities:** Our ESS batteries also deliver high-rate, short-duration discharge performance. For example, our pouch cells achieve a maximum discharge rate of up to 6C, while the 120 Ah and 150 Ah cells support maximum discharge rates of up to 1.5C.

- **Environmental adaptability:** Our ESS batteries utilize solid electrolyte materials with high lithium-ion conductivity and high thermal stability, enabling broad environmental adaptability. The batteries can operate reliably across a wide temperature range, from –40°C under low-temperature conditions to 60°C in high-temperature environments.

Commercialization

We produce battery cells and assemble them into modules and cabinets at our production facilities. For large-scale projects, we provide delivery, on-site installation support, and commissioning in coordination with engineering contractors and grid operators. Project timelines typically range from several months to over one year. Our integrated manufacturing and deployment capabilities, including battery cell production, module and assembly, and project delivery, enable scalable operations, cost control, and reliable execution.

Our ESS battery products are used in three main types of energy-storage applications, each tailored to specific customer needs. We steadily incorporate our solid-state battery research into these products to bring new technology to market efficiently and improve performance over time. We focus on practical innovation that addresses energy security, contributes to industry standards, and advances the broader energy-storage ecosystem. By applying our technology in real products and iterating based on feedback, we strengthen our capabilities and support the growth of the industry as a whole.

- **Grid-side Applications:** For large-scale storage stations, we provide battery systems that support load balancing, peak-load management, and frequency control. Projects may involve multiple battery units connected to meet capacity requirements. We support these projects through our products, technical expertise and customization capabilities. We have delivered multiple grid-side projects in China, including a 800 MWh solid-liquid hybrid battery storage station in Wuhai, Inner Mongolia, which has been commissioned and connected to the grid. Similar projects have also been deployed in international markets. Internationally, we target

regions such as Europe, Southeast Asia, and Australia, where higher pricing and more stringent safety and certification requirements have historically supported stronger gross margins.

Case study: Shanghai Shenergy Xinghuo Project

We played a key role in the Shanghai Shenergy Fengxian Xinghuo Integrated New-Type Energy Storage Demonstration Base (Phase I), Shanghai's first grid-side hybrid energy storage power station. The project integrates multiple mainstream battery technologies, including solid-liquid hybrid batteries, flow batteries and sodium-ion batteries, and serves as a benchmark for the application of advanced energy storage solutions in the region.

We delivered a 7.5 MW/30 MWh solid-liquid hybrid ESS battery and provided technical support for system integration and operational optimization. The overall project also includes flow battery systems and sodium-ion battery systems. This hybrid configuration addresses differentiated operational requirements, including energy density, cycle life and cost efficiency.

System testing and commissioning are ongoing. Based on preliminary results, our solid-liquid hybrid battery system has achieved a measured efficiency of approximately 89%.

Following official grid connection, the project is expected to support peak shaving and frequency regulation, enhance power supply reliability, and improve the grid's ability to integrate renewable energy sources. The project demonstrates our capability to deliver large-scale, high-performance ESSs and to deploy advanced battery technologies in grid-connected applications.

- **Industrial and Commercial:** Facilities such as data centers, hospitals, and financial institutions require continuous, highly reliable power to protect critical operations, maintain safety, and avoid costly disruptions during outages or periods of peak demand. We supply these facilities with high-voltage direct-current backup systems that deliver dependable emergency power while also enabling effective peak-demand management and load stabilization.

- **Residential Applications:** We provide compact storage systems that can be installed alongside distributed energy sources, such as rooftop solar panels, to store electricity for later use. By offering solutions ranging from individual battery cells to fully assembled systems, we can adapt to diverse customer requirements and project sizes across different market structures.

Batteries for Emerging Sectors

We are developing battery products for use in emerging sectors, as AI terminal devices, robotics, and low-altitude aviation (i.e. aircraft and aerial vehicles operating at low altitudes, typically below 1,000 meters). These applications impose more demanding operating conditions, such as compact or complex form factors, high-frequency charge-discharge cycles and reliable operation across wide temperature and environmental ranges. These requirements translate into higher requirements on battery systems, including higher energy density to minimize weight and extend runtime, and enhanced safety and performance under a wide range of temperature and pressure.

Our experience in joint development with automotive OEMs has established internal processes for specification alignment, testing and coordinated production planning, which we apply in collaboration with customers in robotics. We plan to progressively consolidate related activities into a dedicated business unit, with organizational structure and resource allocation adjusted to cater for specific market demand in this area.

Automation Equipment

We offer a comprehensive portfolio of automation equipment for lithium battery manufacturing, encompassing coating machines with differentiated technical architectures, transfer drums, iron-removal filtration systems, mixers, calendering machines and other integrated automated production solutions. These products are designed to address the operational requirements of battery manufacturers by enhancing production efficiency, process consistency and operational reliability, all of which are critical to mass production.

Our coating machine portfolio reflects the depth and breadth of our technical capabilities across diverse battery manufacturing processes. We provide a range of specialized, in-house developed solutions, including dual-power precision extrusion coating machines, vertical plate slot-die coating machines. This diversified offering demonstrates our strong process know-how and technological expertise in lithium battery manufacturing, while enabling us to address the differentiated technical and operational requirements of customers.

Our automation equipment business is underpinned by our core strengths in equipment innovation. We have commercialized mature, in-house developed equipment following successful internal deployment. Our self-developed equipment delivers high levels of production stability, throughput and quality consistency, supporting both our internal manufacturing operations and external customer applications. For example, we have developed proprietary precision calendering equipment to address challenges in thickness uniformity and porosity control during cathode electrode fabrication. In addition, we have also independently developed transfer-printing equipment that addresses key scale-up bottlenecks and supports high-speed, continuous forming of solid electrolytes.

RESEARCH & DEVELOPMENT

R&D is central to our product development and manufacturing capabilities. Our R&D encompasses battery materials, cell and pack design, manufacturing processes, and battery management systems, with dedicated teams focused on key areas including solid electrolyte and cathode materials. These teams work across stages of development, from material formulation and laboratory testing to pilot production and mass production.

As of December 31, 2025, our R&D team comprised 610 personnel, including 22 PhD degree holders and 281 master's degree holders. As of the Latest Practicable Date, we had filed 1,853 patent applications, including 1,037 granted patents. See "— Intellectual Property." Our research and development activities are organized across five dedicated centers covering materials, cells, battery packs, manufacturing equipment and advanced production processes. These centers support development and engineering validation from material formulation through system integration and control, enabling coordination across stages of product development and manufacturing. We also maintain nationally accredited in-house testing capabilities, which allow us to conduct product validation and performance testing internally.

Our technical capabilities have led to invitations to participate in industry technical exchanges and standards-related initiatives in the solid-state battery field. We have participated extensively in the preparation of Technology Roadmap for Energy Saving and New Energy Vehicle 3.0, a national industry guidance document that outlines key technology priorities for the sector. We also played a leading role in formulating the Criteria for Determining All-Solid-State Batteries (T/CSAE 434-2025), issued by the China Society of Automotive Engineers, the first standard of its kind in the industry to clearly define all-solid-state batteries as battery systems in which ions are conducted through solid electrolytes, according to Frost & Sullivan.

Organization of R&D Efforts

Our research and development activities are organized along two complementary directions: customer-driven development and forward-looking technology development.

Customer-driven development is based on the specific requirements of automotive OEMs and energy storage customers. For each program, we define performance targets such as energy density, safety, size, system compatibility and cost, and develop customized cell and pack solutions accordingly. Projects typically progress from requirement analysis and technical design to sample production, testing, engineering validation and mass production. This approach is intended to ensure that development efforts translate directly into commercially deliverable products.

In parallel, we conduct forward-looking research focused on next-generation solid-state battery systems, electrolyte and electrode materials and key manufacturing processes. This work is intended to build technical reserves for future product upgrades in areas such as safety, energy density, cycle life and cost. For example, we have developed manganese-based cathode materials, including lithium manganese oxide and lithium nickel manganese oxide variants, for use in EV batteries. Technologies developed through forward-looking research may later be incorporated into customer programs as they reach appropriate levels of technical readiness.

Our research and development activities are conducted on a project basis. Leveraging talent and expertise across multiple departments, the Qingtao Research Institute, under the leadership of Dr. He Hongcai, oversees and coordinates these projects throughout their entire lifecycle. We have established detailed process and procedure governing all major aspects of the R&D cycle, including the screening of proposed projects, establishment of teams, funding and resource allocation.

Materials and Battery Development

Materials and battery technologies are a central focus of our research and development efforts. Our R&D strategy emphasizes the co-development and system-level integration of proprietary composite solid electrolyte and electrode materials through our patented battery designs, to advance battery safety, energy density, operating stability, and manufacturability. At the electrolyte level, we prioritize the development of composite solid electrolytes as the core enabling platform for next-generation battery architectures, supporting a progressive transition from solid-liquid hybrid batteries to all-solid-state batteries. At the battery level, we focus on system-level integration, combining our electrolyte platforms with compatible electrode materials and cell designs to translate material-level advances into stable, manufacturable, and application-ready battery solutions. See "— Key Technologies" below for more information.

Technology Validation and Product Performance

We evaluate the performance of our battery technologies through testing programs conducted by independent third-party testing institutions, in addition to our internal technical evaluations.

Our in-house testing laboratory is an accredited laboratory certified by China National Accreditation Service for Conformity Assessment (CNAS), the sole national accreditation body of China. Other reputed third-party institutions we engage include China Automotive Technology and Research Center Co., Ltd. (CATARC), a nationally recognized automotive testing institution in China, and Shanghai Institute of Quality Inspection and Technical Research, among others.

We assess battery safety and performance through independent third-party testing, including penetration, high-temperature, and charging and discharging tests. These programs evaluate safety behavior, energy storage capability, and durability, with cycle life testing used to assess performance under repeated operation. Battery performance is also tested across a range of operating temperatures to ensure reliable operation under diverse environmental conditions.

These testing programs provide robust validation across key technical parameters of battery performance, including safety behavior under penetration and elevated temperature exposure, energy density capability, electrochemical durability during extended cycling, performance across different operating temperatures and electrolyte material properties.

Manufacturing Process Development

In addition to material development, we develop production processes and equipment used in solid-state battery manufacturing. For example, we have implemented a process that forms solid electrolyte layers directly within the battery structure and have introduced transfer-printing techniques for electrolyte membrane formation to improve production consistency. These process developments are designed to enhance yield rates and support scalable manufacturing.

System and Control Development

Our R&D efforts also include pack design and battery management systems. Packs are engineered to meet application-specific requirements for electric vehicles and energy storage systems. The battery management system monitors voltage, temperature and charge status to support safe and stable operation.

Intellectual Property Management

Intellectual property management is an integral part of our research and development model. A dedicated team identifies patentable inventions and coordinates patent filings to protect proprietary technologies in relevant jurisdictions. For technical know-how that is not disclosed publicly, including manufacturing parameters and material formulations, we implement confidentiality controls. These include employee confidentiality agreements, access restrictions within research facilities and controlled access to sensitive technical documents and data.

We monitor publicly available patent filings and technology developments within the industry to assess potential infringement risks and adjust our patent strategy as appropriate. During product development and commercialization, we conduct internal reviews to identify potential intellectual property risks and implement response measures where necessary.

KEY TECHNOLOGIES

As a result of sustained investment in research and development, we have built proprietary capabilities across battery materials, cell design, manufacturing processes, production equipment and system integration.

Materials Technology

Materials technology is one of our core competitive advantages. Our development efforts focus on solid-state electrolyte platforms and compatible cathode materials, in particular manganese-based cathode materials. In addition, we also develop patented nano-ceramic membranes for use in our solid-state batteries.

For electrolyte materials, our core focus is on organic-inorganic composite solid electrolytes, including SHO solid electrolytes, which we tailored to improve ionic conductivity, electrochemical stability and resistance to moisture exposure. Our electrolyte materials are designed to operate stably at room temperature and to be compatible with high-voltage cathodes used in electric vehicle and energy storage applications. Key performance considerations include ionic conductivity, interfacial stability and resistance to moisture exposure during processing.

For electrode materials, we focus on manganese-based cathode materials, including high-voltage spinel, olivine and lithium-rich manganese-based cathode materials. Our manganese-based cathode systems are engineered to operate at higher voltage ranges while maintaining structural integrity during repeated charge-discharge cycles. These materials are used in combination with our electrolyte systems to support improved energy density, operating stability, cycle life and overall battery performance.

Battery Design and Manufacturing Processes

We have developed proprietary cell structures and the relevant manufacturing processes for both solid-liquid hybrid and all-solid-state batteries. These include electrolyte layer formation within the cell, interface engineering between electrodes and electrolytes, and lithium compensation techniques designed to improve initial capacity utilization and reduce early-stage capacity loss. Our manufacturing processes are engineered to support stable large-scale production, with process controls addressing electrode uniformity, electrolyte distribution, and interfacial contact quality, which are critical to yield, batch consistency, quality control and cost efficiency.

A key element of our manufacturing platform is dry electrode processing, which eliminates the use of organic solvents and the associated coating, drying, and solvent recovery steps required in conventional wet processes. By simplifying process flow and reducing equipment, energy consumption, and facility requirements, dry electrode processing significantly lowers production complexity and supports higher throughput and yield stability. This approach also enables denser and more structurally stable electrodes and is well suited for solvent-sensitive materials used in solid-state batteries, contributing to improved performance while supporting cost-efficient mass production.

Production Equipment

To support scalable manufacturing, we have developed and deployed proprietary equipment for electrolyte transfer, coating, lithium compensation, and electrode processing. Our electrode processing equipment is designed to support dry electrode processing, enabling streamlined production with reduced capital expenditure and operating costs, and facilitating efficient scale-up from pilot production to mass production.

Our solid-state electrolyte transfer system, based on transfer-printing techniques, has progressed from pilot-stage implementation to mass production. This process enables precise and uniform electrolyte layer formation with improved dimensional consistency and reduced material loss. Through successive equipment iterations, we have increased processing speed and repeatability, supporting higher throughput, improved yield stability, and reliable mass production of solid-state battery cells.

System Integration and Safety Design

At the pack level, we design integrated systems for electric vehicle and energy storage applications. This includes structural configuration, electrical architecture, thermal management systems and battery management systems.

Our pack designs are engineered to balance structural weight, energy density and safety protection. Thermal-management systems regulate temperature distribution within the pack to support stable operation under both low- and high-temperature conditions. The battery management system continuously monitors voltage, temperature and state of charge and manages balancing, protection and charging control to support safe and reliable operation throughout the product lifecycle.

Simulation and Modeling

We employ in-house multiphysics simulation tools covering electrochemical, thermal and mechanical domains to model cell- and pack-level behavior and to evaluate battery performance under different operating conditions, including high-rate charging, low-temperature discharge and long-term cycling. Our modeling framework spans material, electrolyte and system-level design, integrating first-principles calculations, molecular-dynamics simulations and multiscale modeling to assess the physicochemical properties of candidate materials and solid electrolytes. These capabilities support material and electrolyte screening and improve development efficiency. For example, our patented multiscale electrolyte-design methodology has been applied to the design of a halide solid electrolyte with high ionic conductivity, contributing to shorter development cycles.

At the cell level, we apply three-dimensional electrochemical-mechanical-thermal coupled models to evaluate key performance indicators, including capacity, charging time, direct current resistance and rate capability, as well as cycling and storage behavior. We have also developed an accelerated thermal-management simulation methodology that integrates our proprietary solid-state battery interfacial electrochemical model, supporting lifetime estimation of all-solid-state batteries. In addition, our simulation platform supports safety and reliability assessment by modeling abnormal operating conditions, including overcharge, over-discharge and internal short circuits, and incorporates mesoscopic phase-field modeling of lithium-dendrite growth.

Big Data and Artificial Intelligence

We apply big-data and artificial-intelligence technologies across materials development, battery operation and full-lifecycle management, forming a data-driven capability integrated with our existing product architecture and technical systems. In materials development, we have established an intelligent materials-design platform that combines high-throughput computation with machine-learning algorithms to support the screening and inverse design of next-generation battery materials. AI-based methods are used to evaluate the stability and ionic conductivity of solid electrolytes and electrode materials, contributing to improved R&D efficiency. The platform has been applied in multiple internal solid-state battery research projects, with certain newly designed electrolyte materials progressing to pilot-scale validation.

At the system level, we have deployed a battery big-data analytics platform across cloud and edge environments to process full-lifecycle data from cells, modules and packs. Using distributed computing and machine-learning techniques, the platform supports near-real-time analysis of operating behavior, safety early-warning functions and cloud-based smart-charging strategies. In current commercial deployments, the system has been applied in over 2,000 vehicles, covering approximately 2 million kilometers of monitored operation.

In addition, we have developed an online lifetime-prediction engine for solid-state electric-vehicle batteries, implemented as a core battery-management-system algorithm and a cloud-based digital-twin service, supporting state-of-health assessment and remaining-useful-life estimation.

INTELLECTUAL PROPERTY

We consider independent innovation and intellectual property protection to be integral to our business. We have established a substantial patent portfolio covering key technologies across the industry chain, including materials, structures, systems, manufacturing processes and equipment. We protect our proprietary technologies and business through a combination of patents, trademarks, copyrights and other intellectual property rights in China and overseas, together with confidentiality arrangements with employees and relevant counterparties.

As of the Latest Practicable Date, we hold 1,037 patents, 248 of which are invention patents. We have registered 68 trademarks and 56 copyrights as of the same date. See "Appendix IV — Statutory and General Information — Further Information About Our Business — Intellectual Property Rights" for details of our material intellectual property rights.

We have established an intellectual property management and compliance framework to support our solid-state battery business and protect our proprietary technologies. Our intellectual property function is responsible for the centralized management of patents, trademarks, copyrights and trade secrets, as well as the implementation and ongoing improvement of our intellectual property compliance system. We have adopted internal policies and procedures covering intellectual property acquisition, maintenance and risk management, and conduct patent searches, freedom-to-operate analyses and risk assessments throughout the research, development and commercialization process. We also implement internal controls, including periodic reviews and employee training, to reduce the risk of intellectual property infringement and to safeguard our technological assets.

During the Track Record Period and up to the Latest Practicable Date, to the best of our knowledge, we had not been subject to any material intellectual property claims which could have a material adverse effect on our business or operations.

MANUFACTURING

Production Bases

As of the Latest Practicable Date, we operated five battery production bases in China with a combined annual production capacity of 6.8 GWh for solid-liquid hybrid and all-solid-state batteries, located in Kunshan (two bases), Jiangsu; Yichun, Jiangxi; Chengdu, Sichuan; and Taizhou, Zhejiang. In addition, we operate materials production facilities in Huai'an, Jiangsu and Wuhai, Inner Mongolia, and an equipment production base in Huizhou, Guangdong. We are currently building an 18.5 GWh solid-liquid hybrid and all-solid-state EV battery production base. We plan to build new production bases in additional cities, while further expanding certain existing bases. These investments are intended to increase our production scale and support future growth in both solid-liquid hybrid and all-solid-state battery products. For further information on our planned investments in production bases, see "Future Plans and Use of [REDACTED]."

The following table sets forth our production capacity, production volume and utilization rate at our production bases for batteries for the years indicated.

Production Base	Location	Products	Floor Area (sq. m.)	Year ended December 31, 2023	2024	2025
Kunshan Production Base 1						
In operation since February 2025	Kunshan, Jiangsu	EV batteries	205,018.3			
Production Volume (GWh)[a]				—	—	1.10
Effective Annual Production Capacity (GWh)[b]				—	—	1.90
Utilization Rate (%)				—	—	58%
Kunshan Production Base 2						
In operation since May 2023	Kunshan, Jiangsu	EV and ESS batteries	3,425.6			
Production Volume (GWh)[a]				0.04	0.04	0.04
Effective Annual Production Capacity (GWh)[b]				0.07	0.10	0.10
Utilization Rate (%)[c]				63%	41%	44%
Yichun Production Base						
In operation since June 2021	Yichun, Jiangxi	ESS batteries	33,465.0			
Production Volume (GWh)[a]				0.20	0.11	0.19
Effective Annual Production Capacity (GWh)[b]				0.50	0.50	0.50
Utilization Rate (%)[c]				41%	22%	39%
Total						
Production Volume (GWh)[a]				0.24	0.15	1.33
Effective Annual Production Capacity (GWh)[b]				0.57	0.60	2.50
Utilization Rate (%)[c]				43%	26%	53%

[a] The production figures herein have been calculated after excluding abnormal production events, such as pilot-scale stages and periods subject to temporary production suspension. Production volume is measured from the date of formal commencement and is not annualized.

[b] Effective annual production capacity reflects the actual period during which each production line was formally in operation during the relevant year, adjusted for capacity differences across product types.

[c] Utilization rate is calculated by dividing production volume by effective annual production capacity for the relevant period.

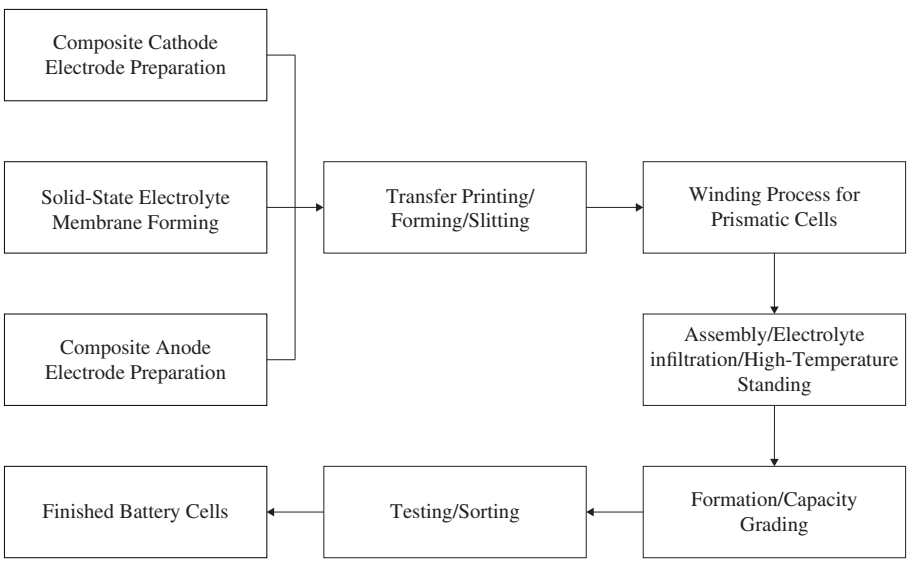
Our total production capacity increased from 0.57 GWh in 2023 to 0.60 GWh in 2024 and further to 2.50 GWh in 2025, while production volume rose from 0.24 GWh to 1.33 GWh over the same period. Our capacity utilization rate was 43%, 26% and 53% in 2023, 2024 and 2025, respectively. The relatively low utilization rates in 2023 and 2024 were largely attributable to production lines operating at reduced throughput during process and material optimization, equipment commissioning and line qualification, and pilot production. A significant portion of production capacity was dedicated to process and material optimization, equipment commissioning and line qualification, and pilot production for new EV battery products, which affected overall utilization. In addition, frequent line changeovers were often required to support commercialization and qualification of batteries for key customers, including engineering validation, testing, and pre-production adjustments. As production processes stabilized and ramp-up was completed, utilization improved significantly in 2025, reflecting the transition from development-focused operations to steady commercial production.

Our Production Model

We adopt a make-to-order production model with close integration between production and sales while maintaining appropriate safety stock levels. The sales department consolidates customer orders and monthly demand forecasts to generate an overall demand summary, which informs the production department's mid- to long-term master production plans covering three months or more. These plans take into account demand fluctuations, product development progress, capacity planning, equipment status, production load, and material availability, balancing production, supply, and sales coordination. Based on customer orders for the current month plus two months of forecasted demand, monthly production schedules are issued to each factory and production line, with material requirements aggregated, procurement initiated, and pre-production preparations completed. During production execution, the production department prepares materials, develops and executes process operation plans, conducts production operations, organizes resources to ensure plan fulfillment, and completes manufacturing tasks in accordance with monthly plans and Enterprise Resource Planning (ERP) work orders. Customer orders are continuously fulfilled in response to changes in demand, product output, and inventory levels, with comprehensive implementation of SAP (Systems, Applications, and Products in Data Processing), MES (Manufacturing Execution System), and WMS (Warehouse Management System) enabling effective interaction and coordination across operations, ensuring refined and efficient management throughout the production and order fulfillment process.

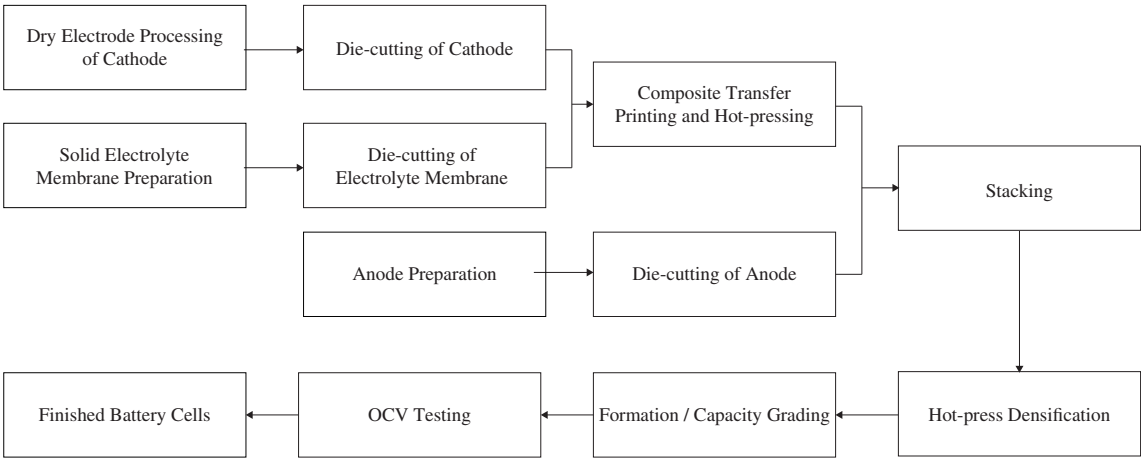
Our Manufacturing Process

Solid-liquid hybrid batteries



The manufacturing of solid-liquid hybrid batteries builds upon the established manufacturing processes of conventional liquid electrolyte batteries, with the additional manufacturing and incorporation of a solid electrolyte membrane. This membrane is laminated with cathode and anode sheets through a transfer process. The laminated electrodes are then subjected to a winding process similar to that used for traditional liquid batteries. Following winding, liquid electrolyte infiltration and high-temperature aging are carried out to ensure thorough impregnation and uniform distribution of the solid-liquid hybrid electrolyte within the cell. The cell is subsequently packaged using the same prismatic cell enclosure process as liquid electrolyte batteries, resulting in a solid-liquid hybrid battery with the designed capacity.

All-solid-state batteries



The manufacturing process for all-solid-state batteries begins with the separate preparation of the electrolyte membrane, the cathode electrode sheet and the anode electrode sheet. The electrolyte membrane is first laminated with the cathode electrode sheet through a transfer and hot-pressing process. The resulting composite sheet is then stacked with the anode electrode sheet to form basic units, which are subsequently subjected to hot pressing to achieve densification. Multiple densified basic units are assembled through secondary stacking, after which tabs are welded and the assembly is packaged using aluminum-plastic film to form an all-solid-state battery cell. Finally, the cell undergoes formation and capacity grading, open-circuit voltage testing, and aging and sorting, resulting in a finished all-solid-state battery cell.

QUALITY CONTROL

Quality control is a core element of our operations and underpins the safety, reliability and consistency of our solid-state battery products. We have established a comprehensive quality management framework that covers the entire product lifecycle, from material sourcing and process development to mass production, delivery and post-sale performance monitoring.

We operate an integrated quality management system in accordance with internationally recognized standards and industry best practices. We have obtained ISO 9001 certification for our quality management systems and IATF 16949 certification for our automotive quality management systems. These certifications demonstrate our commitment to standardized, systematic and continuously improving quality and safety management practices across our operations.

We also implement stringent supplier qualification and management procedures to ensure the quality and consistency of key raw materials. All critical materials, including solid electrolytes and electrode materials, are subject to rigorous supplier audits, technical evaluations, incoming inspections and full traceability management. We conduct regular reviews and audits to ensure ongoing compliance with our quality requirements.

Quality control is embedded at each stage of our manufacturing processes. We define and monitor critical process parameters specific to solid-state battery production and apply statistical process control, automated inspection and real-time data analysis to ensure process stability, minimize variability and support reliable scale-up.

Our products undergo comprehensive testing and validation throughout development and production, including electrical performance testing, safety and abuse testing, environmental and thermal stress testing, and reliability assessments under extreme operating conditions. We conduct testing in accordance with applicable international and regional safety standards, including those relating to battery safety, transportation and application-specific requirements, and engage independent third-party testing and certification bodies where appropriate.

We conduct accelerated aging tests and lifecycle evaluations to assess long-term performance and durability across different application scenarios. Post-delivery, we maintain structured product performance monitoring and customer feedback mechanisms, with field data systematically incorporated into product design optimization and process improvement initiatives. Through continuous training, internal audits and data-driven improvement programs, we foster a strong quality and safety culture across the organization, ensuring that technological innovation and capacity expansion are achieved without compromising product integrity or regulatory compliance.

PROCUREMENT

Our Procurement Model

We procure primarily raw materials and others from third parties. The procurement process consists primarily of procurement request approval, supplier negotiation and designation, inspection and warehousing, and payment.

Procurement Request Approval

Relevant departments of our Company submit procurement requests based on actual production plans, R&D needs, production line planning requirements, etc. These requests are routed to the procurement department following approval by successive levels of divisional leadership.

Supplier Negotiation and Management

Non-Mold Materials

Non-Mold Materials: The procurement department solicits competitive quotes from pre-qualified suppliers based on technical drawings and documentation, submits a procurement approval form, and designates the contractual supplier based on delivery timelines, pricing, and commercial terms.

Mold- Required Materials

For mold development, the procurement department solicits competitive quotes from pre-qualified suppliers based on technical drawings and documentation, submits a procurement approval form for approval by relevant divisional leadership. The mold designation supplier is jointly determined by procurement, technical, and quality departments based on delivery timelines, pricing, and commercial terms. Subsequently, the procurement department pursues single-source procurement approval based on mass production annual unit pricing and issues procurement plans.

Inspection and Warehousing

Suppliers are required to deliver materials accompanied by quality reports. The materials will be moved to standard warehousing once they pass inspection.

Payment

We make timely payments to suppliers in accordance with contract terms. Payment requests undergo approval by the respective department head, finance department, and divisional leadership prior to execution.

Procurement of Raw Materials From Suppliers

The raw materials that we purchase from our suppliers mainly include cathode materials such as lithium iron phosphate (LFP), lithium nickel cobalt manganese oxide (NCM), and lithium manganese oxide (LMO); anode materials such as graphite; solid electrolytes such as SHO; current collector foils including copper foil and aluminum foil; and lithium hexafluorophosphate ($LiPF_6$). Other materials include separators, carbon nanotubes, binders, and structural parts such as top covers and prismatic cell housings.

SUPPLY CHAIN MANAGEMENT

Supplier Selection and Management. We have established a structured supply chain management framework that emphasizes supplier governance, compliance oversight and operational coordination, ensuring the reliability and resilience of our supply chain across different stages of product development and commercialization.

Supplier Management and Compliance. We maintain a structured supplier management system covering key raw materials, components and equipment required for solid-state battery production. Suppliers are subject to standardized qualification procedures, including assessments of technical capabilities, quality management systems and regulatory compliance. We require suppliers to comply with applicable laws and regulations relating to environmental protection, occupational health and safety, labor standards and ethical conduct, and we conduct periodic reviews to ensure ongoing compliance.

Supply Chain Coordination and Stability. We emphasize long-term cooperation with qualified suppliers to support supply stability, quality consistency and technological iteration. Through standardized management processes and coordination mechanisms, we enhance supply chain transparency and responsiveness, while reducing reliance on any single supplier. Our supply chain management supports close alignment between supplier capacity and our production planning requirements.

Logistics and Operational Support. We have established supply chain coordination mechanisms to support efficient logistics and inventory planning across different stages of production. By aligning supply arrangements with manufacturing schedules and capacity planning, we enhance operational efficiency and supply continuity.

Key Terms of Supply Agreements

We generally enter into framework agreements with our suppliers. Key terms of our supply agreements with suppliers primarily include:

Purchase orders	We shall notify the suppliers of the type, specification, quantity, unit price, tax rate and date of delivery of the products we need in written purchase orders. We generally reserve the right in the framework agreements to adjust the purchase orders.

Price	The price of the products to be procured is generally specified in the relevant purchase orders. The supplier generally undertakes that the prices offered to the purchaser shall not be higher than the average market price of comparable products and, under the same conditions, shall generally be no less favorable than the most favorable prices offered by the supplier to its comparable customers. If the supplier is found to have breached such pricing undertaking, the settlement price under the contract may be adjusted to such most favorable price, the supplier may be required to refund the price difference, and the purchaser may have the right to terminate the contract.
Payment	We shall generally payment by acceptance bill within 60 days from the date on which the products have passed acceptance inspection and we have received the full amount of the corresponding invoice.
Delivery	We generally specify the mode of delivery to the suppliers, and the suppliers have 24 hours to accept or refuse.
Acceptance and Inspection	Prior to delivery, the supplier shall inspect the products and confirm that they meet the required quality, specifications, performance and quantity. Acceptance shall be carried out based on the agreed technical specifications and samples, or, where these are not available, in accordance with applicable national or industry standards, or otherwise standards sufficient to meet the intended use of the products.
After-sales Warranty and Service	The warranty periods are usually specified in years in our framework agreements with the suppliers. The exact length of the period depends on the type of products purchased. Suppliers of components for our product models have undertaken, pursuant to the relevant framework agreements, to continue supplying us with the corresponding spare parts for after-sales service purposes for a period of ten years following the cessation of production of the relevant model, at prices not higher than those applicable to the initial bulk supply of such parts.
Confidentiality	We generally set confidentiality clauses in the framework agreements, and the period of confidentiality obligations may be extended to after the expiration of the agreements.
Intellectual Property	We include specific provisions in the framework agreements to safeguard our intellectual property rights.
Duration, termination and renewal	The framework agreements typically have an initial term of five years and, unless otherwise notified by either party, are automatically renewed for successive one-year terms upon expiry of each term.

Our Suppliers

The following tables set forth details of our top five suppliers each year during the Track Record Period:

Rank	Supplier	Supplier Background	Main Type of Purchase	Credit Terms	Year of Commencing Business Relationship	Purchase Amount	% of Total Purchase Amount
						(RMB'000)	%
For the year ended December 31, 2023							
1	Supplier A	Cathode material manufacturing enterprise; publicly listed company	Cathode material	Payment typically due within 60 days	2023	26,168	6.2%
2	Supplier B	Cathode material manufacturing enterprise	Cathode material	Payment typically due within 60 days	2023	22,717	5.4%
3	Supplier C	Lithium battery processing enterprise	Battery components	Payment typically due within 60 days	2023	14,513	3.4%
4	Supplier D	Energy storage and power transformation system supplier; subsidiary of a publicly listed company	Containerized battery system	Payment typically due within 60 days	2023	11,987	2.8%
5	Supplier E	Lithium battery material manufacturing enterprise	Electrolytes	Payment typically due within 60 days	2023	7,642	1.8%
Total						83,027	19.6%
For the year ended December 31, 2024							
1	Supplier F	Cathode material manufacturing enterprise	Cathode material	Payment typically due within 60 days	2022	44,259	8.4%
2	Supplier A	Cathode material manufacturing enterprise; publicly listed company	Cathode material	Payment typically due within 60 days	2023	29,013	5.5%
3	Supplier C	Lithium battery processing enterprise	Contract manufacturing services	Payment typically due within 60 days	2023	16,157	3.1%
4	Supplier G	Lithium battery copper foil manufacturing enterprise	Copper foil	Payment typically due within 60 days	2024	15,917	3.0%
5	Supplier H (Customer A)	Lithium battery enterprise; domestic telecommunications base station power supply manufacturer	Contract manufacturing services	Payment typically due within 60 days	2022	14,197	2.7%
Total						119,543	22.8%

Rank	Supplier	Supplier Background	Main Type of Purchase	Credit Terms	Year of Commencing Business Relationship	Purchase Amount	% of Total Purchase Amount
						(RMB'000)	%
For the year ended December 31, 2025							
1	Supplier C	Lithium battery processing enterprise	Contract manufacturing services	Payment typically due within 60 days	2023	139,782	12.1%
2	Supplier F	Cathode material manufacturing enterprise	Cathode material	Payment typically due within 60 days	2022	70,616	6.1%
3	Supplier I	Cathode material manufacturing enterprise; subsidiary of a publicly listed company	Cathode material	Payment typically due within 60 days	2024	56,235	4.9%
4	Supplier J	Cathode material manufacturing enterprise	Cathode material	Payment typically due within 60 days	2021	52,876	4.6%
5	Supplier K	Manufacturer of structural parts	Structural parts	Payment typically due within 60 days	2023	52,707	4.6%
Total						372,216	32.2%

During each year of the Track Record Period, the aggregate purchase amounts from the five largest suppliers set out above were RMB83.0 million, RMB119.5 million, and RMB372.2 million, representing 19.6%, 22.8%, and 32.2% of our total purchase amount from suppliers associated with our cost items, respectively. The purchase amounts from our single largest supplier set out above in the same periods were RMB26.2 million, RMB44.3 million, and RMB139.8 million, representing 6.2%, 8.4%, and 12.1% of such total purchase amount, respectively.

Our Directors confirmed that, during the Track Record Period, we have not experienced fluctuations in prices set by our suppliers, breach of contract on the part of our suppliers or delay in delivery of our orders from our suppliers that, in each case, have had a material adverse effect on our business operations.

As of the Latest Practicable Date, we held approximately 31.4% equity interests in Supplier K. In addition, two of our Directors, Dr. Li Zheng (李峥) and Ms. Yang Fan (楊帆), held 6.0% and 9.0% of the equity interests, respectively, in a partnership which in turn held approximately 13.0% of the equity interests in Supplier H. Except as disclosed above, all of our five largest suppliers were Independent Third Parties, and none of our Directors, their close associates or any of our Shareholders who, to the knowledge of our Directors, owned more than 5% of our issued share capital had any interest in any of our five largest suppliers.

SALES, MARKETING AND CUSTOMERS

We adopt a direct sales model, establishing long-term and stable relationships with our core customers.

In the EV battery sector, we engage in collaborative development with automotive OEMs regarding new vehicle models, deeply participating in the product definition of EV battery systems. Upon completing vehicle validation, we realize revenue through bulk delivery for vehicle installation.

In the energy storage market, we supply battery cells, modules and assembled systems for grid-connected and customer-side applications. Deliveries are typically project-based and involve production, shipment and commissioning in accordance with customer contracts.

Our overall business model is based on the large-scale production and delivery of solid-state battery products for electric vehicles and energy storage systems. Revenue from the energy storage business has historically provided operating scale and cash flow support, while continued development of electric vehicle programs is expected to contribute to future volume growth, subject to OEM production schedules and market demand.

Our Sales Model

We employ a direct sales model to provide solid-state battery products and related services to our customers, as detailed below:

Sales Model for EV Batteries

Our sales department conducts ongoing market research and maintains technical coordination with our customers to understand vehicle project information and formulate preliminary automotive product requirements. In collaboration with customer's R&D and procurement departments, this generates product technical specifications or requests for quotation for specific models, including key details such as product launch timeline, sales volume targets, and technical requirements. Upon receipt, we organize product managers for detailed analysis, forming an initial quotation team to provide preliminary technical solutions and pricing.

We participate in vehicle manufacturer technical review meetings covering product solutions, process flows, quality controls, and equipment lists. Upon successful review, we submit formal quotations. Following commercial negotiations, the vehicle manufacturer issues an official product designation notice. Upon such notice, we establish a formal project team, referencing the automotive industry's standard IATF 16949 quality management system. This refines project milestones, work responsibilities, objectives, and phased deliverables to advance battery product R&D, process and material optimization, equipment commissioning and line qualification, and pilot production. We coordinate with relevant departments for supplier evaluations, equipment procurement, process optimization, and tooling design to ensure bulk order delivery per customer requirements. Concurrently, the vehicle manufacturer arranges R&D, procurement, quality, and logistics departments to conduct product technical acceptance (ESO), production part approval process (PPAP), and comprehensive bulk production qualification reviews.

We manufacture and deliver based on customer purchase orders, confirming product delivery, issuing invoices, recognizing revenue, and collecting payments per contract terms. We also provide agreed-upon after-sales services including returns, exchanges, and repairs to enhance customer satisfaction and loyalty.

Sales Model for Other Sectors

In energy storage and other sectors, we engage in in-depth coordination with prospective customers to fully understand their requirements, conducts internal project feasibility analysis and review, and provides technical support and product solutions. Following customer testing, qualification review, and commercial negotiations, formal supplier qualification is granted. Subsequently, we execute specific sales contracts or orders detailing product types, models, pricing, delivery schedules, and related terms, delivering products per agreement. Revenue is recognized upon customer receipt or acceptance.

Marketing

We have established a structured marketing and sales framework to support the commercialization of our solid-state battery products. Our marketing system is designed to align closely with our technology development and manufacturing capabilities, enabling us to respond effectively to customer requirements and evolving market demand.

Marketing Organization and Structure

Our marketing activities are centrally coordinated by the Group Marketing Center at our headquarter, which is responsible for overall marketing strategy formulation, brand management, market research and allocation of marketing resources. The Group Marketing Center also oversees the sales of batteries, battery systems and battery materials across the Group.

We adopt a "headquarters plus regional/business unit" operating model. Regional marketing teams are established in key business locations and operate under the strategic guidance of the Group Marketing Center while being administratively managed by the relevant local subsidiaries. These regional teams focus on customer development and project execution within their respective markets. In addition, our EV battery and battery system business is supported by a dedicated marketing team based in Shanghai, which focuses on direct engagement with automotive OEM customers. Our equipment sales business is conducted independently by a subsidiary with a dedicated equipment marketing unit, while technical coordination is supported at the Group level.

Market Coverage and Segmentation

We implement a matrix-based market coverage strategy combining industry segmentation and geographic focus. From an industry perspective, our energy storage business is segmented into grid-side energy storage, industrial and commercial energy storage, and residential energy storage, while our EV battery business is organized by customer type, including passenger vehicle and commercial vehicle manufacturers. From a geographic perspective, we prioritize key regions such as East China, Southwest China and Northwest China, with regional marketing teams leading customer engagement in these areas and the Group Marketing Center supporting other regions as needed.

Customer Acquisition and Sales Channels

Our customer acquisition strategy varies by product and application scenario. In the EV battery sector, our dedicated marketing team engages automotive OEM customers at an early stage of product development, working closely with customers to provide customized battery system solutions. This early involvement model allows us to align product specifications with customer requirements and support long-term cooperation.

For large-scale energy storage projects, we primarily target power grid companies, state-owned energy platforms and large energy groups through a direct sales model led by the headquarters key account team and supported by regional follow-up. We actively participate in national and local energy storage demonstration projects and collaborate with energy investors and EPC contractors. For smaller-scale energy storage applications, we work with industry partners such as system integrators and energy service providers, offering product solutions, delivery support and technical training.

Marketing Strategy and Execution

Our marketing strategy emphasizes technology-driven differentiation, leveraging the safety performance, energy density and lifecycle advantages of solid-state battery technology to address customer pain points across different application scenarios. We also focus on developing benchmark projects in both EV and ESS battery markets, creating reference cases that help drive broader market adoption. At the same time, we actively collaborate with automakers, energy storage investors, and system integrators to explore new business opportunities and expand our market presence.

Our sales execution follows a standardized process covering opportunity identification, project initiation, solution design and technical alignment, commercial negotiation, contract execution, delivery and after-sales support. Cross-functional project teams comprising sales and technical personnel are formed for key projects to ensure effective coordination throughout the project lifecycle.

Collaboration with Major Customers

We maintain close collaboration with leading automotive OEM customers, including SAIC Group and BAIC Group, through joint development and project-based cooperation. In typical cooperation models, we engage with customers during the vehicle development phase to provide customized battery or battery system solutions, participate in testing and validation, and support subsequent production planning and delivery. Such cooperation enables us to deepen customer relationships, enhance product adaptability and support the commercialization of our solid-state battery technology in automotive applications.

Key Terms of Sales Agreements

For our EV batteries, we generally enter into framework agreements with our customers, while for our ESS batteries, we generally enter into individual sales agreements. Key terms of sales agreements with our customers primarily include:

Purchase orders	Our sales agreements set forth the quantity, product model, purchase price, payment time, and delivery time, schedule, method and location, as agreed by the parties.
Price	We specify the price of each product provided to customers in the individual purchase order, including unit price and total price.
Payment	Within an agreed time after signing the sales agreement, the customer must pay a deposit to secure the purchase. Within an agreed time after the delivery of each purchase order, the customer must make the specified majority of payment of the purchase price, with a small specified portion of the purchase price retained as a quality-assurance deposit to be fully paid within one year after delivery.

Delivery	We typically bear the costs and risks of transportation until delivery to the agreed location. We package goods in accordance with accepted industry standards.
Acceptance and Inspection	Customers should conduct inspections on name, model, specification, quantity, packaging, appearance, etc. of the product prior to acceptance, and should conduct all product quality inspections within a set time of receipt.
After-sales Warranty	We provide after-sales services for a specified period, as agreed in individual sales agreements. During the warranty period, we will provide free repair, maintenance or replacement and other after-sales services for products with quality problems, subject to terms and regulations on the use and testing of the products.

Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, we did not experience any breach of contracts with our customers that have had a material adverse effect on our business operations.

Our Customers

During the Track Record Period, our principal customers in the EV battery sector were automotive OEMs, while our principal customers in the ESS battery sector were mainly engineering, procurement and construction, or EPC, contractors who integrate our battery products into ESS projects. Revenue generated from our five largest customers in each year during the Track Record Period amounted to RMB108.3 million, RMB153.7 million and RMB706.2 million, respectively, representing 43.6%, 37.9% and 74.9% of our total revenue for the respective year. Revenue generated from our largest customer in the same periods were RMB75.4 million, RMB61.4 million and RMB394.6 million, respectively, representing 30.4%, 15.1% and 41.8% of our total revenue for the respective year. See "Risk Factors — Risks Related to Our Industry and Business — If we are unable to retain existing customers and attract new customers, our business, financial conditions and results of operations could be materially and adversely affected."

The following tables sets forth detail of our five largest customers in each year during the Track Record Period:

Rank	Customer	Customer Background	Main Type of Sales	Year of Commencing Business Relationship	Revenue	% of Total Revenue
					(RMB'000)	%
For the year ended December 31, 2023						
1	Customer A (the same entity as Supplier H)	Lithium battery enterprise; domestic telecommunications base station power supply manufacturer	ESS batteries; Automation equipment	2022	75,417	30.4%
2	Customer B	Energy storage enterprise; small-scale energy storage system integrator and manufacturer	ESS batteries	2022	10,049	4.1%
3	Customer C	New energy power and equipment enterprise; portable power supply manufacturer	ESS batteries	2022	9,751	3.9%
4	Customer D	Automotive OEMs	Automation equipment	2022	7,292	2.9%
5	Customer E	New energy enterprise; manufacturer of batteries	Automation equipment	2021	5,766	2.3%
Total					108,275	43.6%
For the year ended December 31, 2024						
1	Customer F	Energy enterprise	ESS batteries	2022	61,394	15.1%
2	Customer G	ESS enterprises affiliated with a government entity	ESS batteries	2023	30,291	7.5%
3	Customer H	Internet and digital services provider	ESS batteries	2023	30,265	7.5%
4	Customer E	New energy enterprise; manufacturer of batteries	Automation equipment	2021	16,398	4.1%
5	Customer A	Lithium battery enterprise; domestic telecommunications base station power supply manufacturer	ESS batteries; Automation equipment	2022	15,359	3.8%
Total					153,707	37.9%
For the year ended December 31, 2025						
1	Customer I	Power construction group; EPC contractor for power engineering projects	ESS batteries	2025	394,558	41.8%
2	Customer J	Automotive OEMs	EV batteries	2022	164,908	17.5%
3	Customer K	Enterprises affiliated with a government entity	ESS batteries	2023	73,683	7.8%
4	Customer L	Automotive OEMs	EV batteries	2021	54,309	5.8%
5	Customer A	Lithium battery enterprise; domestic telecommunications base station power supply manufacturer	Automation equipment	2022	18,722	2.0%
Total					706,180	74.9%

Among our five largest customers during the Track Record Period, Customer J held 4.1% of the equity interests in our Company, as of the Latest Practicable Date. In addition, Customer L is a connected person of our Company as defined under Chapter 14A of the Hong Kong Listing Rules. Moreover, to the best knowledge of our Directors and based on publicly available information, two of our Directors, Dr. Li Zheng (李峥) and Ms. Yang Fan (楊帆), held 6.0% and 9.0% of the equity interests, respectively, in partnership, which in turn held approximately 13.0% of the equity interests in Customer A (the same entity as Supplier H, one of our five largest suppliers in 2024). Except as disclosed in the foregoing sentences, to the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, all of our other five largest customers were Independent Third Parties. Sales to all the aforesaid customers were conducted on an arm's length basis in accordance with the relevant sales and/or partnership arrangements. Except as disclosed above, to the best of our knowledge, none of our Directors, their close associates or any of our Shareholders (who to the knowledge of our Directors, owned more than 5% of our issued share capital) had any interest in any of our five largest customers.

Overlaps between Customers and Suppliers

During the Track Record Period, certain of our top five customers were also among our suppliers, and certain of our top five suppliers were also among our customers. These counterparties included Customer A (the same entity as Supplier H, which was one of our five largest suppliers in 2024), Customer B, Customer C, Customer L and Supplier K. The overlap between customers and suppliers primarily arose because certain counterparties had business dealings with us in both directions. In some cases, we purchased raw materials, components or other inputs from these counterparties while also selling products to them, reflecting their respective positions at different points of the broader new energy and automotive value chain. In other cases, the parties worked together as upstream and downstream partners within the same broader business flow, which resulted in reciprocal purchasing arrangements. The overlap also arose in certain instances where different entities within the same corporate group separately maintained sales and procurement relationships with us based on their distinct business functions. Such overlapping relationships arose in the ordinary course of business and are consistent with normal industry practice, according to Frost & Sullivan, reflecting the integrated nature of the battery supply chain where participants may simultaneously transact as both buyers and sellers of different materials and products.

Our Directors have confirmed that none of our sales to and purchases from the above overlapping customers/suppliers during the Track Record Period was inter-conditional, inter-related or otherwise considered as one transaction. We negotiate the respective transactions with the above overlapping customers/suppliers on an arm's-length basis with reasonable and fair pricing terms.

Except as disclosed in the table above, to the best knowledge of our Directors, none of our five largest customers in each period of the Track Record Period was also a supplier, and none of our five largest suppliers in each period of the Track Record Period was also a customer.

Pricing

We consider a number of factors in determining the pricing of our products, including, among others, raw material price trends, level of competition for similar products, customers' industry positioning, nature of our relationship with customers and the relationship tier with customers, and impact on project decisions. We set pricing mechanisms based on different market conditions, product technical requirements and service requirements for our international business. We also conduct regular reviews of other quotations in the market, and we update our recommended prices each quarter.

Seasonality

For further information on the seasonality affecting our business, see "Risk Factors — Risks Related to Our Industry and Business — Our business is exposed to the supply-demand dynamics in the solid-liquid hybrid and all-solid-state battery industry; any adverse development of the supply-demand dynamics may materially and adversely affect the price of our products, our financial condition and results of operations" and "Financial Information — Key Factors Affecting Our Results of Operations — Company-specific Factors — Seasonality."

BUSINESS SUSTAINABILITY AND PATH TO PROFITABILITY

We recorded gross loss of RMB59.0 million, RMB96.3 million and RMB250.3 million in 2023, 2024 and 2025, respectively, representing gross loss margins of 23.8%, 23.8% and 26.5% during the same periods, respectively. We recorded net losses of RMB853.0 million, RMB999.1 million and RMB1,302.3 million in 2023, 2024 and 2025, respectively. Our adjusted net loss (non-IFRS measure) amounted to RMB277.6 million, RMB496.1 million and RMB765.7 million in 2023, 2024 and 2025, respectively.

Reasons for Historical Losses During the Track Record Period

The battery industry is at a critical stage of transition toward solid-state technologies, and the penetration of solid-liquid hybrid batteries and all-solid-state batteries is expected to continue to increase. As a leading company in the industrialization of solid-state batteries in China, we were, during the Track Record Period, evolving from a research-driven technology company into one with broader manufacturing capabilities.

We develop, manufacture and sell solid-liquid hybrid batteries and all-solid-state batteries, a category of products for which supply chains for materials, equipment and production methods are still less developed and less standardized than those for more mature battery technologies. Our EV batteries remain at an early stage of commercialization and ramp-up, while our ESS batteries, although having commenced commercial mass production, continue to ramp up in terms of production scale and customer adoption. As a result, our revenue base remained relatively small, our research and development expenses and general and administrative expenses represented a high percentage of revenue, and our production costs reflected the characteristics of an early-stage manufacturing business, including relatively high material cost per unit, relatively high depreciation and amortization per unit, and lower yield.

In particular, we were moving from laboratory testing and pilot production toward mass production and delivery. At this stage, we incurred significant upfront expenditures to develop our manufacturing processes, build production facilities and satisfy the demanding qualification requirements of our customers, including leading automotive OEMs. We incurred these investments and operating costs before we could generate revenue at a comparable scale and before we could benefit from the lower unit costs that typically accompany more stable and larger-scale mass production. Although these expenditures did not immediately translate into revenue at a similar scale, they laid the foundation for our proprietary technologies, manufacturing processes, production capabilities and customer validation record.

More specifically, our historical losses during the Track Record Period were primarily attributable to the following factors.

Fixed Manufacturing Costs Not Yet Fully Diluted

Our gross loss during the Track Record Period primarily reflected the early stage of our production and delivery scale-up. During the Track Record Period, our production lines used for process and material optimization, equipment commissioning and line qualification, and pilot production, with limited-volume commercial delivery to customers, rather than broader commercial mass production. This was consistent with the qualification-driven nature of battery supply chains where customers generally do not place large-volume purchase orders until a supplier has completed the required validation and approval steps. According to Frost & Sullivan, solid-liquid hybrid batteries and all-solid-state batteries typically require a prolonged qualification cycle before customers commit to larger-scale purchase orders. As a result, production facilities must be installed, qualified and ready for supply before larger-scale customer orders begin. In our case, our production assets had already entered service and started to incur depreciation before the related customer programs generated deliveries at a comparable scale.

Battery manufacturing is capital-intensive. A meaningful portion of our cost of sales consists of fixed and semi-fixed costs, such as manufacturing overhead and labor costs, while other components, such as material costs and inventory write-downs, may also affect our cost of sales. During the Track Record Period, these fixed and semi-fixed costs were spread over a limited volume of commercial delivery, resulting in a relatively high unit cost and negative gross margin.

The same trend is also reflected in our production capacity, output and utilization levels during the Track Record Period. Our effective annual production capacity increased from 0.57 GWh in 2023 to 0.60 GWh in 2024 and 2.50 GWh in 2025, while annual production volume decreased from 0.24 GWh in 2023 to 0.15 GWh in 2024 and increased to 1.33 GWh in 2025. Our capacity utilization rate was 43%, 26% and 53% in 2023, 2024 and 2025, respectively. The relatively low utilization rates in 2023 and 2024 were largely attributable to production lines operating at reduced throughput during process and material optimization, equipment commissioning and line qualification, and pilot production. These factors had a more pronounced effect during periods when our available production capacity was still limited. By expanding our production capacity, we will be able to accommodate these activities while supporting the mass production of our battery products, which helps improve our capacity utilisation in 2025. However, in order to support the delivery of different products to our key customers, we need to carry out production line changeovers and adjustments, which have affected the ramp-up and release of our production capacity. As a result, we had not yet reached full production capacity in 2025. For further details, see "Business — Manufacturing — Production Bases."

Our gross loss also reflected the early stage of scale-up of our manufacturing operations. During the Track Record Period, our procurement volumes for key raw materials remained below the levels typically associated with full-scale mass production. As a result, we had not yet benefited from the lower unit purchase prices generally available under larger-volume procurement arrangements. In addition, in order to support supply process and material optimization, equipment commissioning and line qualification, and pilot production, we maintained inventory buffers for certain key raw materials and components. Certain of these materials were relatively specialized and were still in the early stages of broader commercial adoption, and the relevant supply chain required time to develop and mature. As a result, supplier coverage, scale economies and cost efficiency for such materials had not yet fully developed. These factors increased our unit raw material and inventory-related costs, which in turn contributed to our gross loss.

Strategic Expansion into the EV Battery Business

Our historical losses were attributable in part to our strategic focus on the EV battery business, particularly the passenger vehicle battery segment, which carries a higher upfront cost profile than our ESS battery business.

Compared with ESS batteries, passenger vehicle EV batteries are subject to materially more demanding requirements in safety, consistency, energy density, traceability and quality control. To enter and expand within the passenger vehicle OEM supply chain, we made substantial upfront investments alongside capacity expansion, as well as process and material optimization, equipment commissioning and line qualification, and pilot production. These expenditures enabled us to support stable initial deliveries and satisfy customer qualification requirements, but they also increased our cost base during the Track Record Period and contributed to our losses.

At the same time, the early-stage ramp-up of our EV battery business delayed the absorption of these costs. During the initial delivery stage of our passenger vehicle battery programs, we maintained relatively high levels of raw material redundancy and incurred additional costs to meet demanding performance and safety standards. We also devoted a substantial portion of production time to process and material optimization, equipment commissioning and line qualification, and pilot production and line changeovers, which reduced effective utilization and increased non-productive manufacturing losses. As a result, our EV battery business remained in an investment and ramp-up phase during the Track Record Period and placed pressure on our gross margin and overall profitability.

EV batteries recorded gross loss margins of 38.1%, 77.0% and 111.6% in 2023, 2024 and 2025, respectively, and remained at an early stage of commercialization and ramp-up during the Track Record Period.

Front-Loaded Investment in Research and Development

Our research and development expenses were approximately RMB142.0 million, RMB295.6 million and RMB376.9 million in 2023, 2024 and 2025, respectively, representing approximately 57.2%, 72.9% and 40.0% of our revenue and approximately 16.6%, 29.6% and 28.9% of our net losses in those years.

Our research and development expenses remained high during the Track Record Period because commercializing solid-liquid hybrid and all-solid-state batteries required broader and more intensive development work than is typically required for more mature liquid-electrolyte batteries. In addition to battery materials, our research and development activities also covered cell design, manufacturing processes and production equipment, including process development for our transfer-printing deposition and cell assembly processes and the in-house design and manufacture of our automation equipment. These expenditures were incurred before large-scale commercialization and meaningful revenue contribution could be achieved and therefore placed significant pressure on our profitability during the Track Record Period.

Early-Stage Commercial Expansion

During the Track Record Period, we prioritized expanding delivery volumes and revenue to support early-stage commercialization. Scaling product deliveries enabled us to validate our technology in real-world applications, build mass production experience, and strengthen relationships with key customers. As our delivery track record expanded, particularly for our EV battery products, we gained access to higher-value vehicle programs, including hybrid electric vehicle (HEV), plug-in hybrid electric vehicle (PHEV), and extended-range electric vehicle (EREV) models.

At the same time, our operations were concentrated in the China market, the world's most competitive lithium battery market. To acquire customers and secure participation in key vehicle programs, we adopted commercially competitive pricing strategies. These decisions, intended to accelerate customer adoption, placed additional pressure on gross margins. Together, high early-stage production costs and margin impact from competitive pricing explain the gross losses recorded during the Track Record Period.

Path to Profitability

We are working to improve our financial performance and move toward sustained profitability through the following interconnected drivers: expanding customer programs and order volume, improving gross margin through mass production, reducing material and manufacturing costs through technology and supply chain measures, broadening access to overseas markets and higher-value applications, and improving operating leverage as revenue grows. This pathway is intended to address the main factors that contributed to our historical losses during the Track Record Period, including early-stage commercialization, low effective utilization, high upfront research and development and manufacturing investment, and operating expenses incurred ahead of larger-scale revenue generation.

Customer Expansion and Order Growth

Customer expansion and the increase in order volume from existing customers are key drivers of our path to profitability. In our business, customer relationships are typically built through long development cycles, product validation, joint engineering and delivery execution. Once a supplier has completed the relevant qualification and delivery stages, stronger customer relationships can support additional model nominations, broader product penetration and higher order volume over time.

EV battery customer relationships and demand visibility

For our EV battery product, we have already established cooperative relationships with leading automotive OEMs, including SAIC Group and BAIC Group. We also intend to place particular focus on expanding into higher-value, higher-margin vehicle segments, especially hybrid vehicles and premium models. In addition, we have entered into agreements with certain leading automotive OEMs regarding their procurement of our battery products.

We are deepening cooperation with key customers through product development, technical support and delivery execution, with a view to increasing supply under existing customer programs and securing additional customer programs over time. For products that have already entered commercialization, we are supporting additional vehicle model introductions and broader installation across customer vehicle platforms. Through these efforts, we aim to increase shipment volume and improve revenue visibility over time. For jointly developed products, we continue to work with automotive OEMs and other industry participants through joint laboratories, joint ventures, innovation consortia and other collaborative arrangements so that our battery development is aligned more closely with customers' vehicle planning and model development processes. Under this model, automotive OEMs typically propose target requirements for performance, safety, low-temperature operation, packaging and other key parameters at an early stage, and we participate in product adaptation and battery system optimization accordingly, including battery structure and BMS coordination where appropriate. Through this collaboration model, we seek to strengthen customer stickiness, improve the efficiency of product designation and increase the likelihood that our products will be adopted in follow-on models. The internal memo also indicates that the Company intends to apply the experience accumulated with SAIC Group to additional OEM relationships through joint research and development and customer-specific product adaptation to improve customer conversion efficiency over time.

ESS customer and partner expansion

For our ESS battery products, we intend to expand cooperation with industry participants by leveraging our core strengths in battery cells and battery modules. In grid-scale energy storage projects, key project/areas; compatibility' recognition; including in overseas markets where project margin profiles are generally higher than domestic projects, we intend to strengthen our alliances with storage investors, EPC contractors, PCS suppliers and suppliers of auxiliary materials and components through business alliances to pursue business opportunities and facilitate coordinated project delivery. We also plan to cooperate with partners in the development of products tailored for large-scale ESS applications, including products with strong high- and low-temperature adaptability and long cycle life, and to participate with partners in relevant third-party certification processes where required by end customers or project specifications. For industrial, commercial and residential ESS products, we plan to build on our standardized battery modules and continue refining product offerings to improve deployment efficiency and expand repeat business.

Expansion into higher-value vehicle segments and emerging sectors

Beyond our existing EV battery customer relationships, we are actively targeting higher-value vehicle segments where unit pricing is more favorable and which we expect to contribute to our path to positive gross margins. In particular, we are targeting the hybrid electric vehicle (HEV) market, where our solid-liquid hybrid batteries offer meaningful performance advantages over conventional battery technologies, including high charge-discharge rates, extended cycle life and wide operating temperature range.

We are in advanced engagement with a leading automotive OEM for the supply of our solid-liquid hybrid batteries as standard-fit batteries for its HEV models, with mass production delivery expected to commence in 2027, and we expect this to become one of our primary revenue contributors over the next three years. We are also continuing to develop products targeting plug-in hybrid electric vehicle (PHEV) and extended-range electric vehicle (EREV) applications, which similarly command higher unit pricing and margins.

In addition to our EV and ESS battery businesses, we are actively developing a new avenue for growth by addressing emerging demand from AI terminal devices, robotics, and low-altitude aviation markets. We have established cooperative relationships with a number of innovative companies active in these sectors. Products for these applications are subject to more stringent performance specifications, including lower weight, higher energy density and tighter safety and reliability standards, and accordingly command higher unit value and margins. We believe these emerging applications represent an important foundation for our longer-term development.

Margin Improvement Through Manufacturing Scale

We are actively driving gross margin improvement by scaling production volume and increasing fixed-cost absorption across our manufacturing base. During the Track Record Period, our capacity utilization remained at a relatively low level because we were still completing line ramp-up, product validation and pre-production runs for customer programs that had not yet entered broader commercial delivery. As a result, our output was not sufficient to absorb fixed manufacturing costs, including depreciation and amortization, fixed labor and energy costs, which placed significant pressure on our gross margin. This was particularly the case because, during the early stage of commercialization, a meaningful portion of our manufacturing activities still related to process and material optimization, equipment commissioning and line qualification, and pilot production, rather than stable commercial

mass production. These activities were necessary to support customer validation and future commercialization, but they also reduced overall production efficiency and limited our ability to absorb fixed costs over a larger output base.

Going forward, we are working to reduce unit costs as production expands, primarily by improving fixed-cost absorption and increasing production yield.

Improved fixed-cost absorption as production stabilizes. We are moving customer programs from engineering samples, pilot production and validation runs to more stable batch delivery, while continuing to expand capacity, improve production continuity and increase capacity utilization. Through these efforts, we are increasing the proportion of our manufacturing activities that consists of routine commercial production rather than lower-efficiency, non-routine activities. This allows us to absorb fixed manufacturing costs, including depreciation and amortization, fixed labor and energy costs, over a larger and more stable output base, thereby reducing unit manufacturing cost.

Production scale, dedicated lines and reduced changeover losses. We are actively expanding production scale and restructuring our production line configuration to drive further cost reduction. Currently, each of our battery production lines is required to accommodate multiple battery products with different sizes, models and materials, which results in frequent changeovers that reduce effective utilization and increase time loss and raw material waste. To address this, we are establishing dedicated production lines for selected high-volume products, reconfiguring our production scheduling to group compatible products and minimize switchover frequency, and implementing standardized changeover procedures to reduce downtime where multi-product lines remain necessary. These measures are already improving production efficiency, and their impact is expected to become more pronounced as production volume increases and more output is concentrated on selected high-volume products.

More efficient capacity ramp-up and routine production. As part of our capacity expansion and ramp-up efforts, we are also improving execution efficiency in bringing new production capacity online and transitioning programs from engineering samples, pilot production and validation runs to more stable batch delivery. This transition is important because customized production activities typically involve lower utilization, more frequent line adjustments, lower yields and higher unit costs than sustained commercial production. By dedicating a greater portion of our capacity to routine and stable commercial production, we aim to strengthen fixed-cost absorption, lower unit raw material consumption, improve the use of labor, utilities and equipment, and reduce the proportion of validation and pilot-production activities in our manufacturing operations.

Material Cost Reduction Through Technology Advancements and Economies of Scale

Technology-Driven Cost Reduction

Product architecture and material innovation to reduce material cost. In battery manufacturing, cathode materials and other key inputs account for a significant portion of product cost. Many high-energy- density batteries rely on nickel- and cobalt-based materials, which generally cost more. By contrast, we continue to pursue technology-driven cost reduction by improving our overall product architecture and building integrated product advantages that allow us to develop and use new materials with more attractive cost-performance profiles, enabling cost reduction from the source by lowering bill-of-materials (BOM) costs, i.e. the aggregate cost of the raw materials and components that go into each battery. In particular, as of the Latest Practicable Date, we have developed manganese-based cathode material portfolio, the costs of which are generally lower than those of established LFP cathode materials and approximately 30% of NCM cathode materials, while operating at a higher voltage that

enables greater energy density, thereby reducing the overall cost of the battery pack. We believe this approach can improve the overall value proposition of our products by continuously balancing cost, safety and performance more effectively through technology-driven cost reduction.

Process development for different material systems to reduce manufacturing cost. We continue to develop and refine manufacturing processes tailored to different material categories. For each material category we commercialize, we actively map process parameters, identify key variables affecting yield and cost, and establish standardized process protocols that can be consistently applied across production lines. New materials and new processes typically start from a higher-cost base at the early stage of commercialization; as we refine and stabilize our processes and scale up production volumes, we expect unit manufacturing costs to decline progressively. We are currently at the early stage of commercialization of solid-liquid hybrid and all-solid-state batteries, and we are taking steps to accelerate this cost reduction trajectory: we are building dedicated process libraries for different material systems, training specialized process engineers for each production line, and systematically reducing process variability through data-driven optimization. As our product portfolio expands and commercialization progresses, we expect these efforts to improve manufacturing efficiency, reduce process loss and support more cost-effective large-scale production.

Scale-Driven Cost Reduction

Yield improvement and manufacturing process maturity. We are also focused on improving yield and strengthening process stability as production volumes increase. At our current stage of ramp-up, certain manufacturing processes, including transfer-printing and cell assembly, remain subject to early-stage operational variability as we continue to refine process settings across different material systems and product specifications. To address this, we are optimizing key process parameters, refining process flows for different material portfolios, accumulating production know-how across critical manufacturing steps and strengthening scrap control and quality management throughout the manufacturing process. Over time, we expect these efforts to improve yield, reduce raw material losses and support more stable and efficient large-scale production.

Procurement scale and supplier optimization. We are actively expanding our supplier base and optimizing our procurement arrangements to reduce material costs as our production scale grows. Because our battery products, especially EV products, are still at an early stage of commercialization, our raw material and auxiliary material procurement costs have historically been affected by relatively limited purchase scale and the early stage of development of certain parts of the supply chain. For newer materials such as new separator materials, where the number of suppliers currently capable of meeting our requirements is limited, we have proactively initiated qualification processes for additional suppliers and are developing localized alternatives to broaden our approved supplier base and strengthen supply security. We are working directly with suppliers of newer raw materials to co-develop scale-up roadmaps and support faster cost reduction, and we estimate that unit costs for such materials could decrease over time. For auxiliary materials such as conductive agents, binders and casing components, we have identified and are qualifying secondary suppliers and localized alternatives to create competitive tension in our supply base and reduce unit procurement costs. We have also introduced, and are continuing to refine, volume-linked pricing mechanisms that tie purchase prices more closely to our procurement volumes, allowing us to capture cost reductions automatically as our order volumes grow. These measures are strengthening our procurement economics and supporting continued reductions in material costs as commercialization progresses.

Supply security and raw material support. We have taken steps to strengthen cost control and supply security for key materials. In particular, we have established a lithium manganese oxide production facility at our Wuhai production base. We expect this facility to support our future cathode material requirements, improve supply stability and strengthen our ability to manage material costs as production scales.

Global Market Expansion

Our profitability is also expected to benefit from sales to international markets that support more favorable pricing and margin profiles than the domestic market.

Compared with the domestic market, such markets generally support higher average selling prices per Wh and more favorable gross margins. Deeper collaboration with automotive OEMs, combined with our growing internal capabilities, has strengthened our ability to negotiate more favorable price points for our products.

Our overseas expansion strategy differs by business line. In the EV battery business, overseas development will be driven primarily by the needs of domestic automotive OEMs and the integration of our products into export vehicle programs. We are engaged in discussions and project coordination with respect to a number of programs involving Chinese OEM customers expanding into overseas markets, and we intend to continue supporting their overseas expansion through product validation, certification progress and technical coordination. In the ESS battery business, we intend to expand overseas primarily through cooperation with partners that already possess established sales channels in their target markets. Under this model, we focus more on battery cells and battery modules, while our partners are responsible for downstream pack integration and terminal product adaptation based on local certification requirements and end-user needs in different jurisdictions and applications. This allocation of responsibilities is intended to improve market-entry efficiency while limiting the need for us to build a full downstream overseas platform at the initial stage.

In addition, our proprietary production equipment business provides an additional revenue stream. Revenue from sales of our in-house-developed transfer-printing machines and related equipment amounted to approximately RMB114.0 million, RMB115.0 million and RMB77.2 million in 2023, 2024 and 2025, respectively, with a gross margin of approximately 20.0%. As the solid-state battery manufacturing industry develops, we expect this business to continue to provide a solid source of revenue and gross profit.

Enhanced Operating Leverage

Operating leverage has been an important driver of net margin improvement as our revenue continues to grow. During the Track Record Period, our research and development expenses and general and administrative expenses remained high as a percentage of revenue because we incurred a substantial portion of these expenses before full-scale commercialization and revenue expansion. To improve profitability, we are not relying solely on revenue growth but also seeking to improve the efficiency with which we deploy research and development, management and selling resources as our business scales.

- **Research and development expenses.** Research and development expenses are expected to remain significant in absolute terms because we will continue to invest in advanced battery products, materials, processes and technologies. However, as our revenue grows and our products move further into mass production, research and development expenses as a percentage of revenue are expected to decline over time.

Our research and development expenses remained at a high level during the Track Record Period because we incurred substantial upfront spending before large-scale commercialization could be achieved. In particular, we invested heavily in developing and validating key battery materials, manufacturing processes, production equipment and related manufacturing capabilities. These expenditures were necessary to move our products from laboratory validation to commercial production and large-scale delivery. A substantial portion of this earlier-stage work has already been completed for our principal products. As we move further into mass production, we expect our research and development efforts to focus more on product iteration, customer-specific adaptation, manufacturing optimization and next-generation upgrades, rather than on the earlier-stage work required to establish our initial commercial production capabilities. To improve the efficiency of our research and development spending, we intend to strengthen project prioritization, increase the reuse of validated material systems and process parameters across different projects where technically feasible, and concentrate more resources on projects with clearer commercialization prospects or stronger platform reusability. We also focus on shifting our research and development work gradually from foundational capability-building toward product iteration, customer-specific adaptation, manufacturing optimization and next-generation upgrades, which improve the conversion efficiency of research and development spending over time. As a result, although research and development expenses are expected to remain high in absolute terms, we expect their growth to be materially slower than revenue growth, which is expected to contribute to our operating efficiency over time.

- **General and administrative expenses.** We also expect general and administrative expenses to decline as a percentage of revenue over time, even if they increase in absolute terms as our business expands. Our general and administrative cost base consists primarily of compensation for management and specialist personnel, digital infrastructure, and overhead associated with our production bases in Kunshan, Jiangsu; Taizhou, Zhejiang; Chengdu, Sichuan; Wuhai, Inner Mongolia, and Shanghai.

  To moderate the growth of these expenses, we have already established, and will continue to strengthen, an integrated management and digital operating framework that allows the same management structure to support a larger production footprint and revenue base. In particular, we have deployed, or are in the process of further integrating, enterprise systems to improve coordination across procurement, manufacturing, warehousing, engineering and product lifecycle management. We also plan to further standardize internal workflows, centralize selected support functions, strengthen budget management and continue linking talent incentives to operating and commercialization milestones in order to improve labor productivity and management efficiency. As our Taizhou, Zhejiang; Chengdu, Sichuan; Wuhai, Inner Mongolia and other production bases ramp up, we intend to use these systems and processes to support larger-scale operations without a corresponding increase in management overhead. This trend is expected to allow the growth in general and administrative expenses to remain significantly below revenue growth over time.

- **Selling and distribution expenses.** We expect selling and distribution expenses to remain at a relatively low level as a percentage of revenue because our business model does not depend on broad-based marketing expenditure. Instead, we build revenue primarily through long-term strategic relationships with major automotive OEMs and other key customers. In our EV battery business, we have built deep relationships with major customers, including SAIC Group and BAIC Group. We have strengthened our relationships with automotive OEMs through joint venture arrangements and long-term strategic cooperation. We intend to

continue this strategy. Rather than relying on broad customer acquisition spending, we will continue to convert commercial engagement into collaborative research and development, product integration, technical designation and capacity coordination processes.

This model allows us to keep marginal selling costs relatively low once a customer program has been designated and enters mass production. To preserve this advantage as we scale, we intend to continue focusing our sales resources on key account coverage, technical-commercial coordination and long-term customer retention, rather than on extensive promotional spending. We also plan to deepen cooperation with designated customers through collaborative research and development, program-based support and capacity planning, which should further improve the conversion of customer relationships into recurring volume without materially increasing selling expense intensity.

Taken together, we expect our operating expenses to decline as a percentage of revenue over time, driven by revenue growth, improved operating efficiency and tighter cost control. We also expect profitability to improve as gross margin benefits from large-scale mass production, lower material and manufacturing costs and better procurement economics.

[REDACTED] should read this section together with the sections headed "Risk Factors," "Financial Information" and "Future Plans and Use of [REDACTED]" in this Document, as well as the Accountants' Report set out in Appendix I to this Document.

WAREHOUSING, LOGISTICS AND INVENTORY MANAGEMENT

We have established a structured management framework covering warehousing operations, logistics coordination and inventory control to support stable production, timely delivery and operational efficiency.

We operate centralized and standardized warehousing facilities for raw materials, semi-finished products and finished products. Our warehousing operations are managed in accordance with internal control procedures and applicable safety and environmental requirements, with designated storage conditions for different categories of materials to ensure product quality, safety and traceability. Inventory movements are recorded and monitored through standardized systems to support accurate tracking and control.

We have established coordinated logistics arrangements to support the transportation of materials and products across different stages of production and delivery. Our logistics management emphasizes safety, timeliness and cost efficiency. We work with qualified logistics service providers and adopt appropriate transportation solutions based on product characteristics, regulatory requirements and customer delivery schedules.

We implement inventory management practices aligned with our production planning and operational needs. Through coordinated inventory planning and monitoring mechanisms, we optimize inventory turnover, maintain appropriate inventory levels and reduce the risk of material shortages or excess stock. Inventory data are regularly reviewed to support production scheduling, capacity planning and operational decision-making.

We continuously review and optimize our warehousing, logistics and inventory management practices in line with business growth and technological advancement. By enhancing operational coordination, strengthening internal controls and improving management efficiency, we aim to support the stable and scalable development of our solid-state battery business.

AWARDS AND RECOGNITIONS

The following table sets forth some of our recent major awards and achievements.

Award Year	Award Name	Award Institution
2024, 2025	Global Unicorn List	Hurun Research Institute
2025	2025 Technology Leadership Award	FOTON
2025	Quality Excellence Award	FOTON
2025	Enlightened Innovation Award	Beijing CAVAN
2025	2025 Outstanding Supplier Award for Concurrent Engineering	SAIC Group
2024	China Unicorn	Changcheng Strategic Consulting
2021–2025	Jiangsu Province Unicorn	Jiangsu Province Productivity Promotion Center
2024	Jiangsu Province Private Technology Enterprise	Jiangsu Private Science and Technology Enterprises Association
2024	2024 Promoting High-Quality Development of Small and Medium-sized Cities Special Contribution Enterprise	Guoxin Small and Medium Cities Index Research Institute
2023	National High-Tech Enterprise	Jiangsu Province Department of Science and Technology

Award Year	Award Name	Award Institution
2023	Jiangsu Province Specialized and New Small and Medium Enterprise	Jiangsu Province Department of Industry and Information Technology
2023	"Science and Technology Innovation China" Emerging Enterprise	China Association for Science and Technology
2023	Investment Community Top 100 Technology and Innovation Companies List	China Science and Technology Innovation Investment Summit
2023	2023 "Future Stars — 21 High-Growth Innovative Companies of the Year" List	China Entrepreneur Magazine
2022	National Intellectual Property Advantage Enterprise	China National Intellectual Property Administration
2020–2022	Top 50 Leading Automotive Technology Companies	KPMG China
2021	2021 China New Energy Smart Vehicle Innovation Enterprise	CB Insights China
2020	Jiangsu Province Innovative Technology and Product Certificate	Jiangsu Province Automobile Industry Office
2020	2020 Forbes China Gazelles	Forbes China
2019	Best Innovation Award	Goodbaby Group Co., Ltd.

INFORMATION TECHNOLOGY

We believe that information technology is a critical enabler of our research and development capabilities, intelligent manufacturing, and efficient operations, and plays an important role in supporting our long-term growth in the solid-state battery sector. We have established an integrated information technology management framework covering research and development, production, supply chain, quality control, finance and office collaboration. Through unified planning and centralized deployment, our information systems support digitalized business processes, standardized management and data-driven decision-making across our operations.

Our information technology infrastructure is centrally managed by our Information Systems Department, which is responsible for overall information system planning, system implementation and upgrades, daily operation and maintenance, access control, data security and business continuity support. We have implemented internal policies and procedures governing system access, data management and information security, including account approval and revocation mechanisms based on the principle of least privilege, system monitoring and incident response procedures, and controls over data confidentiality and integrity.

The following information technology systems are the most critical to our operations among our integrated information systems:

System	Description
Enterprise Resource Planning (ERP) System	Our SAP ERP system serves as the core platform integrating business and finance. It covers modules including financial accounting, management accounting, procurement management, inventory management, production planning, sales and distribution, and cost accounting. It realizes end-to-end integration and data unification from order, planning, procurement and production to finance.
Office Automation (OA) System	As the unified office and collaboration platform, it is mainly used for organizational personnel management, attendance management, various approval processes, announcements, document circulation, meeting collaboration and knowledge management, achieving mobile office, online processes and efficient collaboration.
Manufacturing Execution System (MES)	As the core system for battery production process control, it covers production scheduling, operation reporting, equipment networking, process monitoring, production traceability, and abnormal alarm and handling. It ensures a transparent, lean production process with full quality traceability.
Warehouse Management System (WMS)	Focusing on refined warehouse management of raw materials, semi-finished products and finished goods, it supports location management, inbound and outbound operations, batch management, stocktaking, first-in first-out (FIFO) and inventory alerting, improving warehouse efficiency and material control accuracy.
Product Lifecycle Management (PLM) System	As the management platform for battery R&D and technical data, it supports product design, drawing and technical document management, BOM management, R&D change control, process documentation and project collaboration, ensuring R&D data is unified, standardized, secure and traceable.

Through continuous investment in information technology and system integration, we aim to further enhance data governance and information security, improve operational efficiency and management transparency, and support the ongoing advancement of intelligent manufacturing and digital transformation across our business.

DATA SECURITY

In the ordinary course of our business, we collect and process certain data relating to customers, suppliers and other business partners. The data we collect primarily include: (i) basic contact information, such as names and contact details, used for business communication and after-sales services; (ii) transaction information, such as product models, quantities, transaction amounts and timing, used for financial accounting, operational management and statistical analysis; and (iii) website-related technical data, such as IP addresses and browser information, used for website administration and user experience optimization.

We obtain the consent of customers and employees prior to collecting their information where required by applicable laws. To safeguard data security, we have established internal policies governing data classification, access control and information security management. Access to sensitive data is restricted to authorized personnel, and encryption measures are applied where appropriate. We maintain network security systems, including firewall and intrusion detection mechanisms, and implement data backup and recovery procedures to mitigate the risk of data loss. We conduct periodic internal reviews of our data protection practices and, where appropriate, engage external third parties in the future to assess compliance. We also provide employee training on data protection and monitor regulatory developments to update our internal policies and procedures as necessary.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material data leakage or material data loss incidents.

COMPETITIVE LANDSCAPE

We operate in the global EV battery and ESS battery markets through our solid-liquid hybrid and all-solid-state battery products. According to Frost & Sullivan, the global market for solid-liquid hybrid and all-solid-state batteries is at an early but rapidly accelerating stage of commercialization, driven by increasing requirements for higher energy density, enhanced safety performance and broader application scenarios across EVs, ESSs and emerging sectors. According to Frost & Sullivan, global shipments of solid-liquid hybrid and all-solid-state batteries increased from 0.4 GWh in 2022 to 6.0 GWh in 2025 and are expected to grow rapidly through 2030. The markets remain relatively concentrated, with a limited number of specialized technology-driven companies possessing the technologies, process know-how and equipment integration capabilities required for industrialization. According to Frost & Sullivan, we ranked first globally in the solid-liquid hybrid and all-solid-state battery market based on shipment volume in 2025, with a market share of approximately 33.6%, and approximately 44.8% in the China market. For further details regarding the industry landscape, market drivers and competitive position, see "Industry Overview."

EMPLOYEES

As of December 31, 2025, we had 2,060 full-time employees. All of our employees were based in China. The following table sets forth the number of our employees by function as of December 31, 2025:

Function	Number of Employees	Percentage
R&D	610	29.6%
Manufacturing and Production	1,162	56.4%
Sales and Marketing	100	4.9%
General and Administrative	188	9.1%
Total	2,060	100.0%

In accordance with PRC laws and regulations, we participate in government-administered social welfare programs, including pension, medical, work-related injury, maternity and unemployment insurance, as well as housing provident fund contributions. Contributions are calculated based on employees' prior-year salary levels, subject to statutory minimum and maximum thresholds set by local authorities. We have established a labor union in accordance with applicable laws. We enter into standard employment, confidentiality and non-compete agreements with senior management and key

personnel. Non-compete obligations generally apply during employment and for up to two years following termination. During the Track Record Period, we did not experience any material labor disputes.

PROPERTIES

We own and lease certain properties in China primarily to be used as production facilities, R&D, warehouses and offices. According to section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this Document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance which requires a valuation report with respect to all our interests in land or buildings, for the reason that, as of December 31, 2025, none of our property interests of the Group's non-property activities has a carrying amount of 15% or more of our consolidated total assets.

Owned Land and Properties

As of the Latest Practicable Date, we owned 16 parcels of land with a total gross land area of approximately 1,017,153.84 sq.m. and 13 properties with a total area of approximately 295,104.57 sq.m. located in China. These properties are primarily used for R&D, production and offices.

Leased Properties

As of the Latest Practicable Date, we had 4 leased properties for operational purposes in China with a total area of approximately 133,269.01 sq.m., primarily used for warehousing, R&D and offices. We are not aware of any title defects relating to these properties as of the Latest Practicable Date.

Lease Registration

As of the Latest Practicable Date, 4 lease agreements for our production and operating premises had not been registered or filed with the relevant PRC land and real estate administration authorities. The non-registration was due to the relevant lessors' failure to provide the documents required for us to complete the registration and filing procedures.

As advised by our PRC Legal Adviser, failure to complete registration and filing does not affect the validity or enforceability of the lease agreements under PRC law, nor does it require us to vacate the leased premises. However, the relevant authorities may require us to complete the registration formalities within a prescribed period and may impose a fine ranging from RMB1,000 to RMB10,000 for each unregistered lease agreement.

Based on the number of affected properties and their locations, and taking into account the applicable statutory fine range, we believe that any potential penalties would not be material. In addition, we expect that, if necessary, we would be able to secure comparable alternative premises within a reasonable period without incurring material disruption to our operations or financial condition.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Governance

We consider a robust environmental, social and governance ("**ESG**") management framework to be a fundamental cornerstone supporting our long-term and sustainable development. As our business scale and the regulatory requirements applicable to our industry evolve, we continue to identify and assess ESG-related risks and monitor ESG management practices, and progressively incorporate relevant ESG considerations into our corporate governance framework and day-to-day business decision-making processes.

Governance structure

We have established an ESG governance structure under which the Board provides overall leadership and oversight and the management is responsible for implementation. The Board assumes ultimate responsibility for our overall ESG management approach, including our ESG-related risk management, and takes into account material environmental and social factors when discharging its governance responsibilities and making strategic and operational decisions. Our management is responsible for implementing the decisions and directions of the Board and for promoting the effective execution of ESG-related policies, measures and initiatives in our daily operations.

Through coordination and collaboration among internal departments, we seek to ensure that our ESG management requirements are effectively embedded in and implemented across our business operations. In particular, our Human Resources Department is responsible for matters relating to employee management and career development; our Procurement Department focuses on supply chain and supplier management; our Manufacturing Department is responsible for implementing energy-saving, work safety and compliance requirements in our production operations; and our Safety and Environmental Protection Division under our Manufacturing Department is responsible for matters relating to environmental protection and workplace safety management.

Supplier management

Given our need for a robust supply chain in our raw material procurement and production operations, we place emphasis at the governance level on environmental and social risks associated with the supply chain. Our Procurement Department takes the lead in conducting necessary qualification and compliance reviews on suppliers, covering, among other things, basic business qualifications, product quality documentation and environmental compliance information. Suppliers are required to satisfy the relevant requirements before being admitted as our business partners and are subject to ongoing management during the course of cooperation to support the stable operation of our supply chain.

ESG risk identification and management

In the course of our business operations, we focus on key risks related to ESG matters, including environmental compliance risks, risks relating to the use of energy and resources, and risks associated with supply chain stability. Our management identifies and assesses these risks by reference to the characteristics of our business and changes in the regulatory environment, and addresses such risks in our daily operations through compliance management, process control and internal coordination. The Board provides necessary oversight and guidance over our ESG risk management by being regularly informed of the relevant circumstances.

Environmental

Taking into account the characteristics of our solid-state battery manufacturing business, we manage matters relating to resource use and emissions arising from our production and business operations and, through a systematic management approach, integrate environmental management requirements into our production and testing processes. We continuously monitor applicable environmental compliance requirements and implement corresponding management responsibilities to support the stable operation of our business.

Use of resources

We pay close attention to the use of energy in our production and business operations and, having regard to the actual operating characteristics of our solid-state battery manufacturing business, implement management over our energy consumption. During the Track Record Period, our energy consumption primarily comprised electricity, natural gas steam and petrol. Our energy use is set out in the table below.

Energy type	Unit	2023	2024	2025
Electricity	kWh	42,807,517.0	75,454,295.0	131,807,610.2
Among which:				
Green electricity	kWh	445,774.0	683,149.0	660,662.0
Natural gas	cubic meter	2,573.0	15,945.0	113,029.0
Steam	ton	55,497.9	118,900.1	183,987.8
Water	ton	167,969.9	193,191.0	359,246.6
Petrol	liter	36,430.7	49,219.4	56,953.6

During the Track Record Period, as our production capacity gradually expanded and our output ramped up, our demand for energy and water resources increased accordingly, and the level of such resource consumption was commensurate with our stage of business development. In terms of our energy mix, we have commenced the stable use of green electricity to support our daily production and operation needs. Going forward, taking into account our business development and the prevailing energy supply conditions, we will continue to monitor and explore further procurement of green electricity and, where practicable, gradually increase the proportion of clean energy in our overall energy mix.

Emissions management

We implement standardized management of our production and testing processes in accordance with the requirements of the ISO 9001 quality management system and the relevant environmental management systems, and, by reference to the safety and environmental management measures under these systems, clearly delineate responsibilities and ensure the effective implementation of environmental management accountability. Through the management of our production processes, equipment operation and operating procedures, we exercise control over emission-related matters that may arise in the course of our production and business operations.

Emission category	Unit	2023	2024	2025
Wastewater	ton	22,048.7	42,985.5	73,38.3
Non-hazardous waste	ton	343.4	324.5	3478.4
Hazardous waste	ton	79.6	422.7	358.1
Scope 1 emissions	ton CO_2e	89.7	148.2	376.0
Scope 2 emissions	ton CO_2e	24,207.2	42,750.4	74,956.1
Scope 3 emissions	ton CO_2e	N/A	N/A	N/A
Total GHG emissions	ton CO_2e	24,296.9	42,898.5	75,332.1
GHG emissions per revenue	ton CO_2e per RMB million	99.7	106.3	80.3

In our management practices, we focus on mitigating indirect emissions risks associated with our business operations, to the extent practicable, through measures such as optimizing supply chain management, improving logistics efficiency and encouraging energy-saving travel. We will assess and advance such measures in phases having regard to our stage of business development and their practical feasibility.

Environmental performance indicators and management

We will, having regard to our capacity expansion and actual operational needs, set phased environmental management targets within a practicable scope and implement such targets through measures such as energy-saving retrofits, use of clean energy and optimization of process management. Over the next three years, our key improvement focus areas will include:

- Reduction in energy intensity: On the basis of energy consumption per GWh production, we plan to reduce our overall energy intensity by approximately 3% over the next three years as compared to the 2025 baseline. Key measures will include optimizing production process parameters and operating strategies, enhancing the energy efficiency of key equipment, strengthening energy metering and sub-item management, and reducing unplanned downtime and inefficient operation in the course of production organization and maintenance management.

- Increase in green electricity consumption: We have already commenced the stable use of green electricity, and plan to further increase our green electricity use, subject to practicable supply conditions and pricing mechanisms.

- Enhancement of Scope 3 emissions disclosure capability: Over the next three years, we plan to gradually strengthen the identification and management of our Scope 3 greenhouse gas emissions and, subject to the progressive improvement of data availability and calculation methodologies, refine our mechanisms for collecting emissions data relating to upstream raw material procurement, logistics and transportation and other relevant activities, and explore expanding the scope of our Scope 3 emissions disclosure in subsequent reporting periods.

Social

In respect of employment and employee management, we strictly comply with applicable labor laws and regulations and lawfully safeguard employees' legitimate rights and interests in areas such as recruitment, remuneration, benefits and labor protection. We allocate human resources in a reasonable manner according to our business development needs and place emphasis on the stability and sustainable development of our workforce.

Employment and labor management

We strictly comply with applicable labor laws and regulations and carry out our employment management in accordance with the law in areas such as remuneration management, recruitment and promotion, working hours, leave arrangements and protection of employee rights and interests. We enter into employment contracts with our employees in accordance with the law, specifying the respective rights and obligations of both parties, as well as the job duties, working hours and relevant benefits arrangements.

In our day-to-day management, we lawfully ensure that employees enjoy statutory leave entitlements and implement internal promotion and performance appraisal mechanisms in accordance with our internal management policies. Employee remuneration and bonus arrangements are linked to performance appraisal results and are organized and implemented by the relevant departments to support employee development and our business needs.

Occupational health and safety

As a manufacturing enterprise, we attach great importance to providing a safe working environment for our employees and to potential occupational health risks. We require employees in relevant positions to comply with safety operating procedures during their work and to implement necessary labor protection measures. For positions involving occupational health risks, we arrange regular occupational health examinations for employees, including but not limited to tests relating to dust and noise exposure. Through the above measures, we continuously monitor the occupational health conditions of our employees and reduce the risk of occupational diseases.

Employee training and development

We place strong emphasis on employee training and capacity building and organize relevant training activities having regard to job requirements. All new employees are required to attend induction training, which covers our company rules and regulations and relevant management requirements. For technical positions, we organize job-specific skills and practical training according to production needs to enhance employees' familiarity with production processes and equipment operation. The relevant training arrangements are coordinated by the Human Resources and Administration Department and are continuously refined in line with our business development needs.

Social responsibility

In the course of our daily operations, we pay attention to issues relating to corporate social responsibility and remain mindful of the impact of our business operations on our employees, supply chain and local communities. Having regard to our stage of development and actual circumstances, we will, where appropriate, evaluate the forms in which we participate in social responsibility-related activities and, on the basis of compliant operations, perform the social responsibilities that we ought to bear as a corporate citizen. As of the end of the reporting period, the Group has made charitable donations amounting to RMB130,000 in total to support social welfare initiatives.

LICENSES, PERMITS AND APPROVALS

The following table sets forth a summary of the material licenses, permits and approvals that we have obtained for our business operations as of the Latest Practicable Date.

License/Permit/Approval	Holder	Issuing Authority	Issue Date	Expiry Date
Radiation Safety Permit	Suzhou Qingtao Power Technology Co., Ltd.	Jiangsu Ecological Environment Bureau	June 3, 2024	June 2, 2029
Radiation Safety Permit	Suzhou Qingtao New Energy Technology Co., Ltd.	Jiangsu Ecological Environment Bureau	December 19, 2024	November 24, 2027
Radiation Safety Permit	Qingtao (Kunshan) Energy Development Group Co., Ltd.	Jiangsu Ecological Environment Bureau	April 28, 2025	April 27, 2030
Radiation Safety Permit	Yichun Qingtao Energy Technology Co., Ltd.	Jiangxi Ecological Environment Bureau	June 9, 2025	June 8, 2030
Customs Registration of Consignee/Consignor	Jiangsu Qingtao Energy Technology Co., Ltd.	Huai'an Customs	March 15, 2017	N.A.
Customs Registration of Consignee/Consignor	Suzhou Qingtao New Energy Technology Co., Ltd.	Kunshan Customs	March 19, 2019	N.A.
Customs Registration of Consignee/Consignor	Qingtao (Kunshan) Energy Development Group Co., Ltd.	Kunshan Customs	February 2, 2021	N.A.
Customs Registration of Consignee/Consignor	Huizhou New Xinhui AUTOMATIC Equipment Co., Ltd.	Huizhou Customs	June 19, 2024	N.A.
Customs Registration of Consignee/Consignor	Taizhou Qingtao Foreign Trade Co., Ltd.	Taizhou Customs	April 23, 2025	N.A.
Customs Registration of Consignee/Consignor	Jiangsu New Xinhui AUTOMATIC Equipment Co., Ltd.	Huai'an Customs	April 26, 2025	N.A.
Customs Registration of Consignee/Consignor	Kashi Qingtao New Energy Technology Co., Ltd.	Kashgar Customs	January 29, 2026	N.A.
Pollutant Discharge Permit	Yichun Qingtao Energy Technology Co., Ltd.	Yichun Ecology and Environment Bureau	January 19, 2024	January 18, 2029
Pollutant Discharge Permit	Suzhou Qingtao New Energy Technology Co., Ltd.	Suzhou Ecology and Environment Bureau	May 15, 2024	May 14, 2029
Pollutant Discharge Permit	Chengdu Qingtao New Energy Technology Co., Ltd.	Chengdu Ecology and Environment Bureau	September 11, 2024	September 10, 2029
Pollutant Discharge Permit	Suzhou Qingtao Power Technology Co., Ltd.	Suzhou Ecology and Environment Bureau	September 2, 2025	September 1, 2030
Pollutant Discharge Permit	Qingtao (Kunshan) Energy Development Group Co., Ltd.	Suzhou Ecology and Environment Bureau	October 20, 2025	October 19, 2030
Pollutant Discharge Permit	Qingtiao Power Technology (Shanghai) Co., Ltd.	Shanghai Jiading Ecology and Environment Bureau	January 4, 2026	January 3, 2031
Pollutant Discharge Registration for Fixed Pollution Sources	Jiangsu Qingyuan Construction and Development Group Co., Ltd.	Ministry of Ecology and Environment	September 13, 2021	September 12, 2026
Pollutant Discharge Registration for Fixed Pollution Sources	Huizhou New Xinhui AUTOMATIC Equipment Co., Ltd.	Ministry of Ecology and Environment	October 18, 2023	October 17, 2028
Pollutant Discharge Registration for Fixed Pollution Sources	Jiangsu Qingtao Energy Technology Co., Ltd.	Ministry of Ecology and Environment	February 20, 2024	February 19, 2029
Pollutant Discharge Registration for Fixed Pollution Sources	Jiangsu New Xinhui AUTOMATIC Equipment Co., Ltd.	Ministry of Ecology and Environment	May 10, 2025	May 9, 2030
Pollutant Discharge Registration for Fixed Pollution Sources	Jiangsu Qinghe Material Technology Co., Ltd.	Ministry of Ecology and Environment	May 13, 2025	May 12, 2030
Pollutant Discharge Registration for Fixed Pollution Sources	Qingtao (Wuhai) Energy Technology Co., Ltd.	Ministry of Ecology and Environment	July 22, 2025	July 21, 2030
Pollutant Discharge Registration for Fixed Pollution Sources	Guizhou North New Energy Technology Co., Ltd.	Ministry of Ecology and Environment	December 29, 2025	January 19, 2031

We believe that we have obtained all necessary licenses and permits that are material to conduct our business operations as of the Latest Practicable Date. As of the Latest Practicable Date, as advised by our PRC Legal Adviser, all of our licenses and permits that are material to our operations in the PRC remained in full force and effect, and we were in compliance in all material respects with the terms of such licenses and permits.

INSURANCE

We maintain regular property insurance. However, the insurance may not be able to cover all potential injuries to our manufacturing facilities and equipment, death or losses due to fire, earthquake, flood or any other disasters. We also maintain accident insurance for certain employees and commercial supplementary insurance for certain key personnel. Consistent with customary industry practice in China, we do not maintain business interruption insurance. We believe our insurance policies as a whole are in line with the general market practice and comply with the relevant rules and regulations in China. See "Risk Factors — Risks Related to Our Industry and Business — Our insurance coverage may not be sufficient to cover losses and liabilities arising from various operational risks and hazards."

COMPLIANCE AND LEGAL PROCEEDINGS

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material non-compliance incidents that have led to fines, enforcement actions or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations. We are committed to maintaining the standards of compliance with the laws and regulations applicable to our business.

During the Track Record Period and up to the Latest Practicable Date, we were not a party to any actual or pending legal proceedings, which would have a material adverse effect on our business, financial position or results of operations as a whole.

Nevertheless, we may from time to time be subject to various legal claims and proceedings arising in the ordinary course of business. For example, our Group and one of our suppliers and its shareholders (the "**Plaintiffs**") have been involved in a civil proceeding (the "**Claim**") arising from commercial arrangement. The Plaintiffs filed claims before the Hailing District People's Court of Taizhou seeking payment of processing fees, liquidated damages for late payment, tooling modification costs, and loss of expected benefits arising from contract termination, totaling approximately RMB28.0 million. As of the Latest Practicable Date, our Group has lodged a jurisdictional objection to the Plaintiffs action. As of the Latest Practicable Date, the foregoing proceeding remained at the first-instance stage and have not been concluded. In light of the foregoing and after consultation with our legal advisers in relation to this matter, our Directors are of the view that (i) the Claim by the Plaintiffs is without merit; and (ii) the Claim has not had, and will not have, any material adverse effect on our business, financial position or results of operations as a whole. We will continue to monitor the progress of the Claim and take such steps as we consider necessary and appropriate to safeguard the interests of our Group and Shareholders as a whole.

RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management

We are subject to various risks in the course of our business operations and have established internal policies and procedures intended to identify, assess and manage those risks. Our Board oversees our internal control framework and reviews its effectiveness, while our internal audit function evaluates risk management, internal control and governance processes. Our Board is responsible for the establishment and updating of our internal control systems, while our senior management monitors the daily implementation of internal control procedures across subsidiaries and functional departments.

We maintain a compliance risk assessment mechanism that reviews operational, regulatory and business-related risks across departments and functions. We have adopted and implemented comprehensive risk management policies covering key areas of our operations, including legal and regulatory compliance, internal control, intellectual property protection, human resources management and financial reporting. We have adopted anti-fraud policies governing employee conduct, reporting channels and disciplinary measures, as well as sanctions compliance policies applicable to sales and procurement activities. Where appropriate, we engage external professional advisers and conduct periodic internal reviews to confirm that required registrations, licenses, permits and regulatory filings remain valid and in good standing.

Internal Control Management

We have engaged an independent internal control consultant to perform a general internal control review on our internal control systems. Based on a sample-based review, certain deficiencies were identified, including the absence of certain formalized governance policies. We have since adopted and implemented appropriate remedial measures to address these matters. After the follow up review, the internal control consultant did not identify any further material internal control deficiencies on design aspect of internal control.

We have established risk management and internal control systems covering our principal operational functions, including research and development, procurement, manufacturing, warehousing and logistics, and sales. These systems also extend to general corporate functions such as human resources, financial management, asset management, intellectual property management, information system management and corporate governance, including decision-making processes. With respect to intellectual property management, we implement internal procedures to conduct IP searches and analyses prior to offering solutions to customers, periodically monitor published trademarks and patents, and update contractual arrangements with customers, suppliers and partners to safeguard our intellectual property rights.

We conduct periodic reviews of our internal control systems and update policies and procedures as necessary to reflect changes in business scale and operational complexity. We have established an internal audit function to monitor the effectiveness of our risk management and internal control systems on an ongoing basis. We have also adopted internal policies and procedures governing business conduct, anti-bribery and anti-corruption compliance, management of company assets, confidentiality, employee reporting and disciplinary procedures, emergency response measures and whistleblowing mechanisms. Anonymous reporting channels are available for employees to report suspected non-compliance, including bribery and corruption, and appropriate investigations and corrective actions are taken where necessary.

During the Track Record Period and up to the Latest Practicable Date, our Directors confirm that we did not experience any material breaches of our internal control policies and procedures.

BOARD OF DIRECTORS

Upon [REDACTED], our Board consists of nine Directors, comprising three executive Directors, three non-executive Directors and three independent non-executive Directors. Our Board serves a term of three years, which is renewable upon re-election and re-appointment and is responsible for, and has general powers for, the management and conduct of our business.

The following table sets forth general information regarding our Directors:

Name	Age	Position/Title	Time of Joining our Group	Date of Appointment as a Director	Responsibilities
Executive Directors					
Dr. Feng Yuchuan (馮玉川)	[42]	Executive Director, chairman of the Board	May 21, 2014	June 1, 2016	Responsible for overseeing the overall strategic planning, business direction and operational management of our Group
Dr. Li Zheng (李崢)	[41]	Executive Director and general manager of our Company	May 21, 2014	September 1, 2016	Responsible for overseeing the general operation, investment and management of our Group
Mr. He Zhaoling (何朝凌)	[35]	Executive Director	November 21, 2016	July 31, 2025	Responsible for operational management of our Group
Non-executive Directors					
Ms. Yang Fan (楊帆)	[39]	Non-executive Director	May 21, 2014	February 22, 2017	Responsible for providing professional opinion and judgment to our Board
Mr. Shen Haoming (沈浩明)	[52]	Non-executive Director	June 30, 2024	June 30, 2024	Responsible for providing professional opinion and judgment to our Board
Ms. Yuan Wenjing (袁文靜)	[41]	Non-executive Director	January 30, 2023	January 30, 2023	Responsible for providing professional opinion and judgment to our Board
Independent Non-executive Directors					
Dr. Li Enzhu (李恩竹)	[45]	Independent Non-executive Director	April 28, 2025	April 28, 2025	Responsible for providing independent advice and judgement to our Board
Dr. Wu Yingyu (吳應宇)	[67]	Independent Non-executive Director	January 24, 2021	January 24, 2021	Responsible for providing independent advice and judgement to our Board
Mr. Lam Wai Kei (林偉基)	[52]	Independent Non-executive Director	[REDACTED]	Effective upon [REDACTED]	Responsible for providing independent advice and judgement to our Board

Note: As of the Latest Practicable Date, Mr. Cai Kefeng (蔡克峰) was our independent non-executive Director. Mr. Cai will resign from directorship, effective before the date of this Document.

The following sets forth the biographies of our Directors:

Executive Directors

Dr. Feng Yuchuan (馮玉川), aged [42], is the chairman of the Board, executive Director and one of the founders of our Company. Dr. Feng founded our Company in June 2016 and has been serving as our Director since then. He is primarily responsible for overseeing the overall strategic planning, business direction and operational management of our Group. He also holds several management and supervisory positions in our subsidiaries. Since May 2014, he has been serving as a director at Jiangsu Qingtao Energy Technology Co., Ltd. (江蘇清陶能源科技有限公司). He served as a director and general manager from 2014 to April 2018 and has been serving as a chairman of the board since April 2018 at Jiangsu North New Energy Technology Co., Ltd. (江蘇北新能源科技有限公司). From August 2016 to July 2018, he served as a general manager at Suzhou Qingtao New Energy Technology Co., Ltd. (蘇州清陶新能源科技有限公司) (formerly known as Qingtao (Kunshan) New Energy Materials Research Institute Co., Ltd. (清陶(昆山)新能源材料研究院有限公司), and has been serving as a supervisor at Suzhou Qingtao New Energy Technology Co., Ltd. (蘇州清陶新能源科技有限公司) since July 2018.

Prior to joining our Group, he worked at Beijing Electric Vehicle Co., Ltd. (北京新能源汽車股份有限公司) from May 2013 to January 2014.

Dr. Feng obtained his bachelor's degree and master's degree in material science and engineering from Tsinghua University (清華大學) in the PRC in July 2007 and January 2010, respectively. Dr. Feng obtained his doctoral degree in advanced manufacturing from Tsinghua University (清華大學) in the PRC in June 2024.

Dr. Li Zheng (李崢), aged [41], is an executive Director of our Company and one of founders of our Company. Dr. Li founded our Company in June 2016. He has been serving as our general manager since then and was appointed as our Director since September 2016. He is primarily responsible for overseeing the general operation, investment and management of our Group. He also holds management positions in our subsidiaries. He has been serving as a general manager of Jiangsu Qingtao Energy Technology Co., Ltd. (江蘇清陶能源科技有限公司) since May 2014. From July 2018 to February 2019, Dr. Li served as a general manager at Suzhou Qingtao New Energy Technology Co., Ltd. (蘇州清陶新能源科技有限公司).

Prior to joining our Group, Dr. Li worked as a postdoctoral fellow at Tsinghua University (清華大學) from July 2012 to September 2014.

Dr. Li obtained his bachelor's degree in material science and engineering from Tsinghua University (清華大學) in the PRC in July 2007. He subsequently obtained his doctor of material science and engineering degree from Tsinghua University (清華大學) in the PRC in June 2012. Dr. Li was certified as a professor-level senior engineer by Shanghai Municipal Human Resources and Social Security Bureau in February 2026.

Dr. Li was a director of the following company which has been dissolved:

Name of company	Place of incorporation	Principal business activity prior to cessation of business	Date of dissolution	Reason for dissolution	Means of dissolution
Wansi Enjie (Beijing) Technology Development Co Ltd (萬思恩杰(北京)科技發展有限公司)	PRC	No business operation	October 26, 2018	Dormant since incorporation	Deregistration

Dr. Li confirmed that the company was solvent and inactive, and had no outstanding claims or liabilities at the time of its dissolution, that there was no wrongful act on his part leading to the dissolution and that he is not aware of any actual or potential claim which has been or will be made against him as a result of the dissolution of the company. Dr. Li also confirmed that the company had no material non-compliance prior to its dissolution.

Mr. He Zhaoling (何朝凌), aged [35], is executive Director of our Company. Mr. He joined our Group in November 2016 and was an assistant to general manager from January 2021 to September 2022. He was appointed as our Director in July 2025. He is primarily responsible for operational management of our Group. He has also been serving as executive director of Chengdu Qingtao New Energy Technology Co., Ltd. (成都清陶新能源科技股份有限公司) since September 2022.

During the period from August 2017 to July 2018, Mr. He worked as an assistant to the head of the R&D department in Qingtao (Kunshan) New Energy Materials Research Institute Co., Ltd. (清陶(昆山)新能源材料研究院有限公司), now known as Suzhou Qingtao New Energy Technology Co., Ltd. (蘇州清陶新能源科技有限公司). He further served as a manager of attapulgite business division in Jiangsu Qingtao Energy Technology Co., Ltd. (江蘇清陶能源科技有限公司) from August 2018 to December 2020.

Mr. He obtained his bachelor's degree in materials science and engineering from Xihua University (西華大學) in the PRC in June 2014 and further obtained his master's degree in material science and engineering from University of Electronic Science and Technology of China (電子科技大學) in the PRC in June 2017.

Non-Executive Directors

Ms. Yang Fan (楊帆), aged [39], is the non-executive Director of our Company and one of founders of our Company. Ms. Yang founded our Company in June 2016 and was appointed as our Director since February 2017. She is primarily responsible for providing professional opinion and judgment to our Board. She also holds several directorships in our subsidiaries. She has also been serving as a director of Jiangsu Qingtao Energy Technology Co., Ltd. (江蘇清陶能源科技有限公司) since May 2014 and a director of Jiangsu North New Energy Technology Co., Ltd. (江蘇北新能源科技有限公司) since April 2018.

Ms. Yang graduated from Wuchang University of Technology (武昌理工學院) in the PRC in 2013. She further obtained master's degree in business administration from University of Northampton in the United Kingdom in April 2024.

Ms. Yang is the spouse of Dr. Feng, the chairman of the Board and our executive Director.

Mr. Shen Haoming (沈浩明), aged [52], is the non-executive Director of our Company. Mr. Shen joined our Group in June 2024 and was appointed as our Director since then. He is primarily responsible for providing professional opinion and judgment to our Board.

Prior to joining our Group, Mr. Shen served as a project management specialist of planning and development department in Shanghai General Motors Co., Ltd. (上海通用汽車有限公司), now known as SAIC General Motors Corporation Limited (上汽通用汽車有限公司) from September 1997 to October 2005. Mr. Shen further worked in SAIC Motor Corporation Limited (上海汽車集團股份有限公司) from October 2005 to January 2024 as a deputy manager of the product and business planning section of strategy and business planning department, a deputy general manager of the quality and technology management department. He has been serving as a general manager of the investment department in Shanghai Automobile Industry (Group) Co., Ltd. (上海汽車工業(集團)有限公司) since January 2024.

Mr. Shen obtained his bachelor's degree in hoisting and mechanical engineering from Tongji University (同濟大學) in the PRC in July 1996 and his master's degree in industrial engineering from Shanghai Jiao Tong University (上海交通大學) in the PRC in March 2007. Mr. Shen was certified as a senior engineer and professor-level senior engineer by Shanghai Municipal Human Resources and Social Security Bureau in December 2012 and December 2018, respectively.

Mr. Shen was a director of the following company which has been dissolved:

Name of company	Place of incorporation	Principal business activity prior to cessation of business	Date of dissolution	Reason for dissolution	Means of dissolution
Shanghai SAIC Mareili Powertrain Co Ltd (上海上汽馬瑞利動力總成有限公司)	PRC	Auto parts manufacturing	December 25, 2025	Cessation of business	Deregistration

Mr. Shen confirmed that the company was solvent and inactive, and had no outstanding claims or liabilities at the time of its dissolution, that there was no wrongful act on his part leading to the dissolution and that he is not aware of any actual or potential claim which has been or will be made against him as a result of the dissolution of the company. Mr. Shen also confirmed that the company had no material non-compliance prior to its dissolution.

Ms. Yuan Wenjing (袁文靜), aged [41], is the non-executive Director of our Company. Ms. Yuan joined our Group in January 2023 and was appointed as our Director in January 2023. She is primarily responsible for providing professional opinion and judgment to our Board.

Prior to joining our Company, during the period from August 2015 to May 2021, Ms. Yuan held several positions at Beijing Electric Vehicles Co., Ltd. (北京新能源汽車股份有限公司). She worked as a test engineer of battery engineering department from August 2015 to November 2016. She further held several positions at BAIC New Energy Engineering Research Institute (北汽新能源工程研究院) from November 2016 to May 2021. She served as a senior manager of battery testing and validation department from November 2016 to December 2018, an assistant to the head of the battery engineering department and a senior manager of the product management section from December 2018 to November 2020 and deputy director of the battery engineering department from November 2020 to May 2021. Ms. Yuan has been serving at Beijing Automotive Research Institute Co., Ltd. (北京汽車研究總院有限公司) since May 2021. She worked as deputy director of the battery engineering department, three-electricity center from May 2021 to August 2021, an acting deputy director of three-electricity center and deputy director of battery engineering department from August 2021 to January 2022, and an assistant to the president since March 2023, and an acting director of the three-electricity center and director of the battery engineering department from February 2022 to February 2023. She has been serving as a director at China Automotive Battery Research Institute Co., Ltd. (國聯汽車動力電池研究院有限責任公司) since April 2022 and serving as a director at BAIC Hailanxin Energy Technology (Beijing) Co., Ltd. (北汽海藍芯能源科技(北京)有限公司) form March 2024 to February 2026.

Since January 2022, Ms. Yuan has been serving as a director at Valeo Bluepark Automotive e-Drive Systems (Changzhou) Co., Ltd. (法雷奧藍谷新能源動力系統(常州)有限公司) and Ganzhou Highpower Technology Co., Ltd. (贛州市豪鵬科技有限公司) since June 2022.

Ms. Yuan obtained her bachelor's degree in chemical engineering and technology from Harbin Engineering University (哈爾濱工程大學) in the PRC in July 2008. She further obtained her master's degree in polymer chemistry and physics from Harbin Institute of Technology (哈爾濱工業大學) in the PRC in July 2010.

Independent Non-executive Directors

Dr. Li Enzhu (李恩竹), aged [45], was appointed as an independent non-executive Director on April 28, 2025. She is primarily responsible for providing independent advice and judgement to our Board.

Prior to joining our Company, Dr. Li served as a Japan Society for the Promotion of Science (JSPS) special research fellow for foreign scholars at Tokyo Institute of Technology from August 2008 to July 2010. Since September 2010, Dr. Li has been working at University of Electronic Science and Technology of China (電子科技大學) as a deputy professor from September 2010 to July 2016 and a professor since August 2016.

Dr. Li obtained her bachelor's degree and master's degree in materials science and engineering from Tsinghua University (清華大學) in the PRC in July 2003 and July 2005, respectively. She further obtained her doctoral degree of engineering in metallurgy and ceramics science from Tokyo Institute of Technology in Japan in June 2008.

Dr. Wu Yingyu (吳應宇), aged [67], was appointed as an independent non-executive Director in January 2021. He is primarily responsible for providing independent advice and judgement to our Board.

Prior to joining our Company, Dr. Wu worked at Southeast University (東南大學) from February 1982 to September 2013 with his last position as an accounting professor. He served as a general manager at Jiangsu Southeast University Asset Management Co., Ltd. (江蘇東南大學資產經營有限公司) from June 2012 to January 2014. Dr. Wu further served at China Pharmaceutical University (中國藥科大學) from September 2013 to January 2024. He also has been serving as an independent director of Leader Harmonious Drive Systems Co., Ltd. (蘇州綠的諧波傳動科技股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688017), since October 2021, and an independent director of Micro-Tech (Nanjing) Co., Ltd. (南微醫學科技股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688029) since May 2023.

Dr. Wu obtained his bachelor's degree in mechanical manufacturing technology and equipment from Nanjing Institute of Technology (南京工學院), currently known as Southeast University (東南大學) in the PRC in July 1982. He further obtained his doctoral degree in management science and engineering from Southeast University (東南大學) in the PRC in May 2004.

Mr. Lam Wai Kei (林偉基), aged [52], was appointed as our independent non-executive Director in March 2026, which will be effective upon [REDACTED]. He is primarily responsible for providing independent advice and judgement to our Board.

Mr. Lam has 30 years of experience in accounting, corporate finance, auditing and company secretarial practices. Mr. Lam held various audit and assurance positions at Arthur Andersen from November 2000 to June 2002, and PricewaterhouseCoopers Ltd. from July 2002 to September 2009, where he advanced from senior associate to senior manager. He further served as managing director at

an accounting firm in Hong Kong from January 2013 to October 2016. Mr. Lam served as a chief executive officer at Sinostar Securities Limited from January 2017 to December 2023 and served as a chief executive at Sinostar Asset Management Limited from January 2017 to November 2021.

Mr. Lam has been serving as a company secretary at China Sinostar Group Company Limited, a company listed on Hong Kong Stock Exchange (stock code: 485) and Bojun Education Company Limited, a company listed on Hong Kong Stock Exchange (stock code: 1758) since July 2014 and July 2018, respectively. Mr. Lam then served as a company secretary at Wai Hung Group Holdings Limited, a company listed on Hong Kong Stock Exchange (stock code: 3321) from May 2021 to February 2024, Sky Blue 11 Company Limited, a company listed on Hong Kong Stock Exchange (stock code: 1010) from September 2022 to June 2024, and GR Properties Limited, a company listed on Hong Kong Stock Exchange (stock code: 108) from June 2023 to November 2024, respectively.

Mr. Lam has been serving as a chief executive officer at AHL Management Consultants Limited since January 2024 and has been serving as an independent non-executive director at Phyplus Technologies (Shanghai) Co., Ltd. (奉加科技(上海)股份有限公司), a company listed on NEEQ (stock symbol: 874896. NQ), since February 2026.

Mr. Lam graduated from the Hong Kong University of Science and Technology with a Bachelor of Business Administration degree in accounting in 1996 and obtained a Master of Science degree in financial engineering from City University of Hong Kong in 2004. Mr. Lam is also a fellow member of the Hong Kong Institute of Certified Public Accountants and holds a Certified Public Accountant (Practising) Certificate issued by the Accounting and Financial Reporting Council.

Mr. Lam was a director of the following companies which has been dissolved:

Name of company	Place of incorporation	Principal business activity prior to cessation of business	Date of dissolution	Reason for dissolution	Means of dissolution
Sinostar Wealth Management Limited (華星財富管理有限公司)	Hong Kong	No business operation	February 14, 2025	Dormant since incorporation	Deregistration
Cosmic Culture Limited (匯天文化有限公司)	Hong Kong	No business operation	April 5, 2024	Dormant since incorporation	Deregistration
Anaesys AgriTech Limited (恩納社生物科技有限公司)	Hong Kong	Biotechnology	March 24, 2023	Cessation of business	Deregistration
Ho Hsin Tai (Hong Kong) Limited	Hong Kong	No business operation	November 11, 2022	Dormant since incorporation	Deregistration
Anaesys (Tianjin) AgriTech Co Ltd (恩納社(天津)生物科技有限公司)	PRC	Biotechnology	March 4, 2021	Cessation of business	Deregistration

Mr. Lam confirmed that the companies were solvent and inactive, and had no outstanding claims or liabilities at the time of their dissolutions, that there was no wrongful act on his part leading to the dissolutions and that he is not aware of any actual or potential claim which has been or will be made against him as a result of the dissolutions of the companies. Mr. Lam also confirmed that the companies had no material non-compliance prior to their dissolutions.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management and operation of our business. The table below sets forth certain information in respect of the senior management of our Company:

Name	Age	Position/Title	Time of Joining our Group	Date of Appointment as Senior Management	Responsibilities
Dr. Li Zheng (李崢)	[41]	Executive Director and general manager of our Company	May 21, 2014	June 13, 2016	Responsible for daily operations and management of our Company
Dr. He Hongcai (何泓材)	[46]	Deputy general manager	November 21, 2016	January 24, 2021	Responsible for assisting with the daily operations and management of our Company
Ms. Gao Lina (高麗娜)	[34]	Board secretary	January 11, 2017	January 24, 2021	Responsible for overseeing our information disclosure and the affairs of the Board and Shareholder meetings
Ms. Li Xiaoling (李曉玲)	[35]	Chief financial officer	July 28, 2025	December 5, 2025	Responsible for overseeing the overall financial management of our Company

The following sets forth the biographies of our senior management:

Dr. Li Zheng (李崢) is our executive Director and general manager. For details, see "— Board of Directors — Executive Directors" in this section.

Dr. He Hongcai (何泓材), aged [46], has been serving as our deputy general manager since January 24, 2021. He is primarily responsible for assisting with the daily operations and management of our Company. Dr. He has also been a dean of the research institute since November 2016 and holds several positions in our subsidiaries. Dr. He served as a general manager in Suzhou Qingtao New Energy Technology Co., Ltd. (蘇州清陶新能源科技有限公司) since February 2019, chairman of the board and a general manager of Jiangsu Qinghe Material Technology Co., Ltd. (江蘇清荷材料科技有限公司) since January 2019, an executive director of Shanghai Qingtao Technology Development Co., Ltd. (上海清陶科技發展有限公司) since January 2021 and chairman of the board and a general manager in Qingtao (Wuhai) Energy Technology Co., Ltd. (清陶(烏海)能源科技有限公司) since November 2023.

Prior to joining our Company, Dr. He successively served as a deputy professor and a professor in University of Electronic Science and Technology of China (電子科技大學) in the PRC from July 2008 to January 2020.

Dr. He obtained his bachelor's degree and doctoral degree from Tsinghua University (清華大學) in material science and engineering in the PRC in July 2003 and July 2008, respectively. Dr. He also obtained teaching certificate (university faculty) from Department of Education of the Sichuan Province (四川省教育廳) in December 2008.

Ms. Gao Lina (高麗娜), aged [34], is the secretary of our Board. Ms. Gao joined our Company in January 2017 and was appointed as Board secretary in January 2021. She is primarily responsible for overseeing our information disclosure and the affairs of the Board and Shareholder meetings. From July

2017 to May 2018, she served as a manager of the general affairs office and R&D engineer of our Company. She has also been serving as deputy manager at Guizhou North New Energy Technology Co., Ltd. (貴州北新能源科技有限公司) since May 2018.

Ms. Gao obtained her bachelor's degree from University of Electronic Science and Technology of China (電子科技大學) in the PRC in July 2014, majoring in electronic science and technology (solid-state electronics). She further obtained master's degree in materials science and engineering from University of Electronic Science and Technology of China in the PRC in June 2017.

Ms. Li Xiaoling (李曉玲), aged [35], has been serving as our chief financial officer since December 2025. She is primarily responsible for overseeing the overall financial management of our Company.

Ms. Li has over 10 years of experience in the finance industry. Prior to joining our Company, Ms. Li served in Guotai Haitong Securities Co., Ltd. (國泰海通證券股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601211) and Hong Kong Stock Exchange (stock code: 02611) from April 2016 to April 2025, with her last position as a director.

Ms. Li obtained her bachelor's degree in accounting from Shandong University (山東大學) in the PRC in June 2013. She further obtained her master's degree in accounting from Zhejiang University (浙江大學) in the PRC in March 2016. Ms. Li has been a certified public accountant by the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) since June 2019. She also obtained securities industry qualification and has been a sponsor representative from Securities Association of China (中國證券業協會) in September 2011 and June 2023, respectively.

INTERESTS OF DIRECTORS AND SENIOR MANAGEMENT

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 [REDACTED] 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 of 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.

JOINT COMPANY SECRETARIES

Ms. Gao Lina (高麗娜), aged [34], was appointed as our joint company secretary in March 2026. See " — Senior Management" for her biographical details.

Ms. Kwok Yan Ting Jennis (郭恩廷) has over 12 years of extensive experience in corporate governance, company secretarial practice and regulatory compliance. She is currently Senior Manager, Entity Solutions of Computershare Hong Kong Investor Services Limited.

Ms. Kwok holds a degree of Bachelor of Business Administration from Hong Kong Shue Yan University. She is a fellow member of both The Hong Kong Chartered Governance Institute (the "**HKCGI**") and The Chartered Governance Institute in the United Kingdom, and she is also a holder of the practitioner's endorsement of HKCGI. In addition, Ms. Kwok is a Certified Environmental, Social

and Governance Analyst (CESGA®) accredited by The European Federation of Financial Analysts Societies (EFFAS) and a Certified ESG Planner (CEP®) awarded by the International Chamber of Sustainable Development (ICSD). She also holds the Sustainability and Climate Risk (SCR®) Certificate issued by the Global Association of Risk Professionals (GARP®).

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 Nomination Committee, the Remuneration Committee and the Strategy 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 Mr. Lam Wai Kei (林偉基), Dr. Wu Yingyu (吳應宇), and Dr. Li Enzhu (李恩竹). Mr. Lam Wai Kei (林偉基), who holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules, serves as the chairperson of the Audit Committee. The primary duties of the Audit Committee include, but 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;
- 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 Dr. Wu Yingyu (吳應宇), Dr. Li Enzhu (李恩竹), and Mr. Shen Haoming (沈浩明). Dr. Wu Yingyu (吳應宇) serves as the chairperson of the Nomination Committee. 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 Committee

We have established a Remuneration Committee with written terms of reference in compliance with paragraph E.1 of the Corporate Governance Code. The Remuneration Committee consists of three Directors, namely Dr. Wu Yingyu (吳應宇), Dr. Li Enzhu (李恩竹), and Ms. Yuan Wenjing (袁文靜). Dr. Wu Yingyu (吳應宇) serves as the chairperson of the Remuneration Committee. The primary duties of the Remuneration Committee include, but not limited to, the following:

- making recommendations to the Board on the Company's policy and structure for all Directors' and senior managements 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 Committee

The Strategy Committee of our Company consists of three Directors, namely Dr. Feng, Mr. He Zhaoling (何朝凌), and Mr. Lam Wai Kei (林偉基). Dr. Feng serves as the chairperson of the Strategy Committee. The primary duties of the Strategy Committee include, but not limited to, the following:

- conducting regular review and making recommendations on our Company's business objectives and medium-term and long-term development strategies in light of our Company's operating conditions and changes in the market environment;
- reviewing and making recommendations on major investment and financing plans, subject to the approval of our Board as stipulated in the Articles of Association;
- reviewing and making recommendations on major transactions, subject to the approval of our Board as stipulated in the Articles of Association;
- reviewing and making recommendations on matters materially affecting the development of our Company;
- examining the implementation of the above matters and report to our Board; and
- dealing with other matters that are authorized by our Board.

CONFIRMATION FROM OUR DIRECTORS

Rule 8.10 of the Listing Rules

As at the Latest Practicable Date, Mr. Shen Haoming served as a director of SAIC Times Power Battery System Co., Ltd. (上汽時代動力電池系統有限公司) ("**SAIC Times**") and Times SAIC Power Battery Co., Ltd. (時代上汽動力電池有限公司) ("**Times SAIC**"), both of which are companies principally engaged in the production and sales of lithium batteries. As such, SAIC Times and Times SAIC might from time to time directly or indirectly compete with the business of our Company.

Notwithstanding the above, we do not believe that Mr. Shen's interests in such companies as director would render us incapable of carrying on our business independently from these companies and the other companies in which he may hold directorships from time to time on the following grounds:

(i) Mr. Shen, as non-executive Director, do not hold positions in the senior management of our Company, are not and will not be involved in the daily management and operations of our Group, nor does he involved in those of SAIC Times and Times SAIC, and have no control in our Company;

(ii) the experience of Mr. Shen gained through his respective roles at SAIC Times and Times SAIC would be highly beneficial to our Company, as they can offer valuable industry insights and strategic advice;

(iii) we have appointed three independent non-executive Directors, comprising one-third of our Board, in order to promote the interests of our Company and our Shareholders as a whole;

(iv) notwithstanding that our Group operates in the same industry as SAIC Times and Times SAIC, our core product offerings are different. For instance we primarily offer solid-liquid hybrid batteries, while SAIC Times and Times SAIC offer liquid-state batteries. Solid-liquid hybrid batteries and liquid-state batteries are generally applied to different configurations of the same vehicle models, corresponding to different price tiers. And our transactions are conducted in the usual and ordinary course of business at arm's length and are in the interests of our Company and our Shareholders as a whole; and

(v) our Company has established relevant corporate governance measures to avoid conflicts of interest between our Group and any Director. In the event that a Director (such as Mr. Shen) is interested in a matter to be discussed or decided at a Board meeting, he/she shall abstain from voting in relation to such matter.

Save as disclosed above, each of our Directors confirms that as of the Latest Practicable Date, he or she does not have any interests in any business, which competes or is likely to compete, either directly or indirectly, with our 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 on March 10, 2026, 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) 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 or her appointment.

COMPENSATION OF DIRECTORS

Our Directors receive compensation in the form of fees, salaries, allowances, discretionary bonuses, share-based compensation, retirement benefit scheme contributions and other benefits in kind.

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 RMB2.40 million.

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.

For information on our Directors' remuneration during the Track Record Period as well as information on the five highest paid individuals, please refer to Note 11 of the Accountants' Report as set out in Appendix I to this Document.

CORPORATE GOVERNANCE

Corporate Governance Code

Our Company aims to achieve high standards of corporate governance which are crucial to our development and safeguard the interests of our Shareholders. To accomplish this, we expect to comply with the Corporate Governance Code set out in Appendix C1 to the Listing Rules and the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules after the [REDACTED].

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, accounting and corporate governance in addition to industry experience. We have three independent non-executive Directors with different industry backgrounds, representing one-third of the members of our Board. 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.

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 Adviser

We have appointed Rainbow Capital (HK) Limited as our Compliance Adviser pursuant to Rules 3A.19 and 3A.23 of the Listing Rules. The Compliance Adviser will provide us with guidance and advice as to compliance with the Listing Rules and other applicable laws, rules, codes and guidelines. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Adviser will advise our Company in certain circumstances including:

(a) before the publication of any regulatory announcement, circular or financial report;

(b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues, sales or transfers of treasury shares and share repurchases;

(c) where we propose to use the [REDACTED] 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 price 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 Adviser will, on a timely basis, inform our Company of any amendment or supplement to the Listing Rules that are announced by the Stock Exchange. The Compliance Adviser will also inform our Company of any new or amended law, regulation or code in Hong Kong applicable to us, and advise us on the applicable requirements under the Listing Rules and laws and regulations.

The term of the appointment will commence on the [REDACTED] and is expected to end on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [REDACTED].

OVERVIEW

Prior to the [REDACTED], in our ordinary and usual course of business, our Company has entered into a number of transactions with our connected persons as defined under Chapter 14A of the Hong Kong Listing Rules. Upon [REDACTED], the transactions disclosed in this section will constitute continuing connected transactions under Chapter 14A of the Listing Rules.

OUR CONNECTED PERSONS

Following the [REDACTED], we expect to continue our transactions with the following parties which will be connected persons of our Company under the Hong Kong Listing Rules:

Name	Connected relationship
SAIC Motor Corporation Limited (上海汽車集團股份有限公司) ("**SAIC Motor**") and its subsidiaries ("**SAIC Group**")	As of the Latest Practicable Date, SAIC Motor indirectly held approximately 14.24% interest in our share capital. Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), SAIC Motor will hold approximately [REDACTED]% interest in our share capital and will therefore be our substantial Shareholder and a connected person.
Qingtao Power Technology (Shanghai) Co., Ltd. (清陶動力科技(上海)有限公司) ("**Qingtao Power**")	Qingtao Power is a non-wholly owned subsidiary of our Company and is indirectly owned as to more than 10% by SAIC Motor through HASCO, and therefore constitutes a connected subsidiary of our Company under Rule 14A.16 of the Listing Rules.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

1. SAIC MOTOR PRODUCT SALE FRAMEWORK AGREEMENT

Principal Terms

On [●] 2026, to facilitate and regulate the ongoing transaction with SAIC Group, our Company entered into an agreement with SAIC Motor (the "**SAIC Motor Product Sale Framework Agreement**"), pursuant to which, from time to time, SAIC Group will procure the solid-liquid hybrid EV batteries from our Company and our subsidiaries.

The initial term of the SAIC Motor Product Sale Framework Agreement will commence from the [REDACTED] and expire on December 31, 2028. The SAIC Motor Product Sale Framework Agreement will be subject to negotiation at renewal with mutual consent and in compliance with the requirements of the Listing Rules. Subject to the terms of the SAIC Motor Product Sale Framework Agreement, our Group will enter into specific agreements with the SAIC Group to set out specific terms and conditions when necessary, according to the principles and scope provided for under the SAIC Motor Product Sale Framework Agreement.

Reasons for and benefits of the Transactions

Historically, SAIC Group has been procuring EV battery cells and small battery systems from our Group and worked with our Group on conducting research and development. Following the successful development and delivery of the solid-liquid hybrid batteries with energy density of 368

Wh/kg in 2021, we established a joint laboratory with SAIC Motor in 2022. Thereafter, in 2023, in order to further deepen our long term strategic partnership with SAIC Group, we formed a joint venture, Qingtao Power (formerly known as Shanghai SAIC Qingtao Energy Technology Co., Ltd. (上海上汽清陶能源科技有限公司)), with SAIC Group to support ongoing research and development for specific batteries to be installed in particular vehicle models offered by SAIC Motor. According to Frost & Sullivan, forming a joint venture with an automotive OEM is in line with market practice. SAIC Group and our Company have both made substantial investments in, and provided strong support to, the joint venture, including through the provision of research and development resources and other intellectual property rights. We both share the common objective to jointly develop new and advanced technology and introduce such technology to the market by incorporating it into new vehicle models of SAIC Group. Under this arrangement, SAIC Group shall procure the batteries to be installed in SAIC Motor's particular vehicle models from Qingtao Power, instead of other companies in our Group. Subsequently, Qingtao Power developed the manganese-based solid-liquid hybrid EV batteries in 2024 and completed the vehicle installation and on-road testing in 2025. Compared with conventional liquid-state battery technologies, the manganese-based solid-liquid hybrid EV batteries will offer better safety performance and enhanced low-temperature performance.

Leveraging on the research and development experience gained by Qingtao Power, and against the backdrop of this collaboration, Qingtao Power shifted its focus from research and development to the sale of battery-related products and accessories since the end of 2025, with SAIC Motor being one of its largest customers. Since then, Qingtao Power has served as a sales window and a platform for project management and R&D coordination for our sales of solid-liquid hybrid EV batteries to SAIC Group for installation in specific vehicle models through its self-manufacturing and the procurement from our Company and/or other subsidiaries of our Company. Over the years, we have maintained a good business relationship with SAIC Group and are familiar with SAIC Group's business requirements, quality standards, and operational demands. Qingtao Power has the relevant skills and knowledge to facilitate communication with SAIC Group on technical issues and support system development of the products. This helps reduce communication and implementation costs, as well as facilitate smooth transaction.

Meanwhile, this will enable our Group to better leverage on the industry scale, manufacturing capabilities, product portfolio and market access of SAIC Group to accelerate the commercialization of our solid-state battery technology. On the other hand, there are limited number of suppliers of solid-liquid hybrid EV batteries in the PRC. Since our Company is the largest supplier of such batteries in the PRC, according to Frost & Sullivan, working with our Group allows SAIC Motor to (i) enjoy priority access to newly developed products and thereby gain a first-mover advantage; (ii) secure stable and adequate supplies from our Company; and (iii) leverage on our Company's production capacity and technological expertise to support the mass production and launch schedule of specific vehicle models. Therefore, entering into the SAIC Motor Product Sale Framework Agreement is commercially reasonable and serves the interests of both parties, taking into account their mutual strategic and commercial needs.

Pricing Policy

The prices of transactions contemplated under the SAIC Motor Product Sale Framework Agreement shall be determined through commercial negotiation between the parties on an arm's length basis and on normal commercial terms and on terms no less favourable to our Group than terms available to or from (as applicable) other Independent Third Parties. Such pricing shall primarily taking into account the following factors:

(i) *the market positioning of the relevant vehicle models:* we will consider the marketing positioning of vehicles models of SAIC Group, including the expected price range of the vehicle models, including MG4, MG4X and other vehicle models to be launched between 2026 and 2028, and the sales regions in which such vehicle models are marketed. Such expected price range will be used as a benchmark for setting our unit price;

(ii) *the prevailing market price of the batteries installed in similar vehicle models of the same tier in the market:* we will take into account the prevailing market price of the batteries installed in similar vehicle models of the same tier in the market. Such prevailing market price will be used as a benchmark for setting our unit price;

(iii) *the prices of similar products offered by our Group to other Independent Third Parties:* we will review and benchmark the selling prices of similar products offered by our Group to other customers, while taking into account, among other things, the technological advancement and the specifications of solid-liquid hybrid EV batteries;

(iv) *the expected increase in market shares and higher profit margin:* we will consider the expected number of orders to be placed as with larger sales volume and scale, our production costs are expected to decrease through economies of scale, thereby allow us to enjoy the competitive edge in terms of costs and achieve a higher profit margin. We also believe that offering a competitive price for our newly introduced products will allow our Company to achieve market penetration and increase our market shares; and

(v) *Costs incurred during the Track Record Period by our Company and costs to be incurred by Qingtao Power in the next three years:* Qingtao Power will procure the solid-liquid hybrid EV batteries from our Company. When determining the unit price, the solid-liquid hybrid EV batteries procured by Qingtao Power from our Company shall be further sold to SAIC Group at a price determined with reference to Qingtao Power's expected costs to be incurred in the next three years, including (i) expected costs to be incurred for research and development, (ii) the provision of technical support and system development, and (iii) sales and marketing expenses. The costs incurred by our Company in relation to the supply of the solid-liquid hybrid EV batteries to Qingtao Power during the Track Record Period are taken into account, including (i) raw material costs, (ii) manufacturing costs and (iii) labour expenses.

Historical Transaction Amounts

Historically, SAIC Group has procured EV battery cells and small battery systems from our Group. Following the successful development of the solid-liquid hybrid EV batteries in 2024 and the commencement of the mass production of these products at the end of 2025, the transaction between our Group and SAIC Group has been focusing on the sale and supply of solid-liquid hybrid EV batteries.

For the years ended December 31, 2023, 2024 and 2025, the historical transaction amounts for the supply of EV battery cells and small battery systems to SAIC Group were approximately nil, nil and RMB54.3 million, respectively.

Proposed Annual Cap and Basis of Cap

Our proposed annual caps of the product sales to SAIC Group under the SAIC Motor Product Sale Framework Agreement for the years ending December 31, 2026, 2027 and 2028 are approximately RMB1.0 billion, RMB5.0 billion and RMB9.5 billion, respectively.

Against the backdrop of our collaboration with SAIC Group, Qingtao Power began selling solid-liquid hybrid EV batteries to SAIC Group. Such solid-liquid hybrid EV batteries were newly developed by Qingtao Power and were first introduced to the market in 2025, without any track record prior to such introduction, according to Frost & Sullivan. The solid-liquid hybrid EV batteries will be installed in the SAIC Motor's vehicle models launching between 2026 and 2028. Accordingly, the historical transaction records between our Group and SAIC Group are not considered as a meaningful reference for determining the proposed annual caps of the SAIC Motor Product Sale Framework Agreement. Instead, the proposed annual caps have been determined with reference to, among other things, the following factors:

(i) anticipated volume of future orders from SAIC Group based on the estimation between our Company and SAIC Group reflecting SAIC Group's current demand from our Company, which amounted to approximately 60,000 sets, 500,000 sets and 780,000 sets for 2026, 2027 and 2028, respectively. Such substantial increase in SAIC Group's orders is due to SAIC Group's expected launch schedule of specific vehicle models. 2026 marks the initial stage of transactions for several vehicle models of SAIC Motor, including (a) All-New MG4 and MG4X to be launched in 2026, and (b) other vehicle models expecting to be launched between 2026 and 2028. As a result, the types and the number of vehicle models equipped with solid-liquid hybrid EV batteries in 2027 and 2028 are expected to increase significantly as compared to 2026.

(ii) our expected production capacity over the next three years of approximately 50% will be allocated to SAIC's future potential orders;

(iii) the unit price of the solid-liquid hybrid EV batteries to be installed in SAIC Motor's vehicle models launching between 2026 to 2028 determined with reference to the price policy abovementioned;

(iv) the unit price of solid-liquid hybrid EV batteries offered by other companies of our Group. Since the production facility of Qingtao Power is expected to commence operation in the second half of 2026, its production capacity will not be able to fully meet SAIC Group's demand for solid-liquid hybrid EV batteries launching in the period from 2026 to 2028. Therefore, Qingtao Power will procure solid-liquid hybrid EV batteries from other companies of our Group; and

(v) the rapid development of the new energy vehicle industry, which has led to increasing demand for solid-liquid hybrid and all-solid-state EV batteries with high performance. According to Frost & Sullivan, the global shipment volume of solid-liquid hybrid and all-solid-state EV batteries is forecast to accelerate rapidly between 2026 and 2030 at a CAGR of approximately 177.2%, reaching approximately 605.0 GWh by 2030; and

(vi) the annual caps were calculated based on the unit prices for various batteries to be installed in different vehicle models launching by SAIC Motor between 2026 and 2028 and the anticipated number of orders from SAIC Group.

Listing Rules Implications

As one or more of the applicable percentage ratios in respect of the transactions under the SAIC Motor Product Sale Framework Agreement are expected to exceed 5% on an annual basis, such transactions will, upon the [REDACTED], be subject to the reporting, annual review, announcement and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

2. PRODUCT SALE FRAMEWORK AGREEMENT

Principal Terms

On [●] 2026, the Company entered into an agreement with Qingtao Power (the "**Product Sale Framework Agreement**"), pursuant to which, our Group agrees to sell solid-liquid hybrid EV batteries to Qingtao Power.

The initial term of the Product Sale Framework Agreement will commence from the [REDACTED] and expire on December 31, 2028. The Product Sale Framework Agreement will be subject to negotiation at renewal with mutual consent and in compliance with the requirements of the Listing Rules. Subject to the terms of the Product Sale Framework Agreement, our Group will enter into specific agreements with the Qingtao Power to set out specific terms and conditions when necessary, according to the principles and scope provided for under the Product Sale Framework Agreement.

Reasons for and benefits of the Transactions

Qingtao Power is a non-wholly owned subsidiary of our Company and serves as our sales windows and a platform for project management and R&D coordination for our sales to SAIC Group, which is primarily engaged in the research and development, production, and sales of EV batteries and accessories. See "1. SAIC Motor Product Sale Framework Agreement" above for further details on the transaction and relationship between Qingtao Power and SAIC Group. While Qingtao Power will have its own production capacity in the second half of 2026, its production capacity will not be able to meet SAIC Group's demand for solid-liquid hybrid EV batteries for the period from 2026 to 2028, as such, it requires external procurement. Such solid-liquid hybrid EV batteries are expected to be installed in vehicle models launching between 2026 and 2028. As we are familiar with Qingtao Power's business requirements, quality standards, and operational demands for the battery-related products, engaging in sale arrangements with Qingtao Power enables our Group to effectively control the transaction risk and communication costs during the sale process and is beneficial to the business development of our Group. In addition, leveraging on Qingtao Power's sale network, cooperating with Qingtao Power would help expanding our Group's overall sales scale and driving our revenue growth.

By jointly addressing broader market demand through resource integration and consolidated sales channels, such cooperations provide mutual benefits for both our Group and Qingtao Power, which in turn may allow synergies and enhance business growth.

Pricing Policy

The prices of transactions contemplated under the Product Sale Framework Agreement shall be determined through commercial negotiation between the parties on an arm's length basis, and on normal commercial terms and on terms no less favourable to our Group than terms available to or from (as applicable) other Independent Third Parties. Such pricing shall primarily take into account the following factors:

(i) *the market positioning of the relevant vehicle models:* we will consider the marketing positioning of vehicles models of SAIC Group, including expected price range of the vehicle models including All-New MG4, MG4X and other vehicle models to be launched between 2026 and 2028, and the sales regions in which such vehicle models are marketed. Such expected price range will be used as a benchmark for setting our price;

(ii) *the prevailing market price of similar vehicle models in the market:* we will take into account the prevailing market prices of similar vehicle models in the market. Such prevailing market price will be used as a benchmark for setting our unit price;

(iii) *the prices of similar products offered by our Group to other Independent Third Parties:* we will review and benchmark the selling prices of similar products offered by our Group to other customers, while taking into account, among other things, the technological advancement and the specifications of the solid-liquid hybrid EV batteries;

(iv) *the expected increase in market shares and higher profit margin:* we will consider the expected number of orders to be placed as with larger sales volume and scale, our production costs are expected to decrease through economies of scale, thereby allow us to enjoy the competitive edge in terms of costs and achieve a higher profit margin. We also believe that offering a competitive price for our newly introduced products will allow our Company to achieve market penetration and increase market shares; and

(v) *the costs incurred during the Track Record Period by our Company:* we will take into account the costs incurred during the Track Record Period by our Company, including raw material costs, manufacturing cost and labor expenses.

Historical Transaction Amounts

Historically, Qingtao Power has procured EV battery cells and small battery systems from our Group. Following the successful development of the solid-liquid hybrid EV batteries in 2024 and to fulfill the delivery schedule of these products to Qingtao Power for meeting the SAIC Group's demand over the next three years, the transaction between our Group and SAIC Group has been focusing on the sale and supply of solid-liquid hybrid EV batteries since the end of 2025.

For the years ended December 31, 2023, 2024 and 2025, the historical transaction amounts for our supply of EV battery cells and small battery systems to Qingtao Power were approximately nil, RMB3.5 million and RMB54.0 million, respectively.

Proposed Annual Cap and Basis of Cap

The proposed annual caps of the transaction amount to be paid to us by Qingtao Power under the Product Sale Framework Agreement for the years ending December 31, 2026, 2027 and 2028 are approximately RMB600.0 million, RMB2.0 billion and RMB5.0 billion, respectively.

During the Track Record Period, Qingtao Power primarily focused on product research and development. By the end of 2025, Qingtao Power began procuring products from our Group for external sales. Accordingly, the historical transaction records between our Group and Qingtao Power are not considered a meaningful reference for determining the proposed annual caps of the Product Sale Framework Agreement. Instead, the proposed annual caps have been determined with reference to, among other things, the following factors:

(i) the current business relationship between Qingtao Power and SAIC Group and the anticipated volume of future orders from Qingtao Power and SAIC Group;

(ii) the unit price of the products, which takes into account expected costs and expenses, including raw material costs, manufacturing cost, labor expenses, and prevailing market trends;

(iii) the production capacity of Qingtao Power in the years ending December 31, 2026, 2027 and 2028 and the demand for solid-liquid hybrid EV batteries from our Company and other subsidiaries. The production capacity of Qingtao Power is expected to be approximately 10 GWh, 20 GWh and 30 GWh in 2026, 2027 and 2028, respectively, which will be allocated to meet the SAIC's demand in 2027, 2028 and 2029. Accordingly, Qingtao Power would rely on our Company to fulfill SAIC Power's demand in 2026. Further, Qingtao Power's production capacity in 2026 and 2027 is expected to represent approximately 60% and 80% of SAIC Group's demand in 2027 and 2028, respectively;

(iv) the rapid development of the new energy vehicle industry, which has led to increasing demand for solid-liquid hybrid and all-solid-state EV batteries with high performance. According to Frost & Sullivan, the global shipment volume of solid-liquid hybrid and all-solid-state EV batteries is forecast to accelerate rapidly between 2026 and 2030 at a CAGR of approximately 177.2%, reaching approximately 605.0 GWh by 2030; and

(v) the annual caps were calculated based on the unit prices for various batteries to be installed in different vehicle models launching by SAIC Motor between 2026 and 2028 and the anticipated number of orders from Qingtao Power.

Listing Rules Implications

As one or more of the applicable percentage ratios in respect of the transactions under the Product Sale Framework Agreement are expected to exceed 5% on an annual basis, such transactions will, upon the [REDACTED], be subject to the reporting, annual review, announcement and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

CONFIRMATION OF OUR DIRECTORS

Our Directors (including independent non-executive Directors) consider that (i) the non-exempt continuing connected transactions as set out above have been and will be entered into in the ordinary and usual course of business of our Group, on normal commercial terms, are fair and reasonable and in the interests of our Group and Shareholders as a whole; and (ii) the proposed annual caps are fair and reasonable, and in the interests of our Group and Shareholders as a whole.

CONFIRMATION OF THE JOINT SPONSORS

The Joint Sponsors are of the view that (i) the non-exempt continuing connected transactions above have been and will be entered into in the ordinary and usual course of business of our Group, on normal commercial terms, are fair and reasonable and in the interests of our Group and Shareholders as a whole; and (ii) the proposed annual caps are fair and reasonable, and in the interests of our Group and Shareholders as a whole.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

In relation to the continuing connected transactions above, we have applied for, and the Stock Exchange [has] granted to us, a waiver from strict compliance with the announcement, circular and independent Shareholders' approval requirement under Chapter 14A of the Listing Rules pursuant to Rule 14A.105 of the Listing Rules, subject to the condition that the aggregate value of such continuing connected transactions for the years ended December 31, 2026, 2027 and 2028 shall not exceed relevant annual amounts stated above.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

Dr. Feng, Dr. Li, Dr. Nan and Ms. Yang first entered into a Concert Party Agreement on November 25, 2017 and such agreement was reconfirmed on June 5, 2019, pursuant to which, among others, they agreed to reach consensus on matters requiring decisions prior to the convening of the Board meeting or the Shareholders' meeting, and to cast consistent votes at such meetings. For details, see "History, Development and Corporate Structure — Concert Party Agreement". Immediately following the completion of the [REDACTED] (assuming that the [REDACTED] is not exercised), Dr. Feng, as a general partner, will be able to control the voting rights held by Kunshan Heshi, and, pursuant to the partnership agreement, Dr. Feng, as the general partner on executive matters, will be entitled to control the voting rights held by Kunshan Qingchuang, both being an Employee Shareholding Platform. Accordingly, Dr. Feng, Dr. Li, Dr. Nan and Ms. Yang, together with Kunshan Heshi and Kunshan Qingchuang, constitute a group of Controlling Shareholders and will be entitled to exercise approximately [REDACTED]% of the aggregated voting rights in our Company upon [REDACTED].

RULE 8.10 OF THE LISTING RULES

As of the Latest Practicable Date, save as disclosed in "Directors and Senior Management — Rule 8.10 of the Listing Rules", none of our Controlling Shareholders or Directors had any interest in any business which competes or is likely to compete, either directly or indirectly, with our Company's business which would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE OF OUR BUSINESS

Having considered the following factors, our Directors are satisfied that we are able to carry out our business independently from our Controlling Shareholders and their respective close associates upon and after the [REDACTED].

Operational Independence

Our Company has full rights to make all decisions on, and to carry out, our own business operations independently. We hold our own operation resources including but not limited to customers and suppliers, as well as our own registered patents which can be used for producing our products. We have a team of senior management to operate the business independently from our Controlling Shareholders and their respective close associates. We also have access to third parties independently from, and not connected with, our Controlling Shareholders for sources of suppliers, customers and business partners. Based on the above, our Directors believe that we are operationally independent from our Controlling Shareholders and their respective close associates.

Management Independence

Our management and operational decisions are made by the Board in a collective manner. The Board comprises nine Directors, including three executive Directors, three non-executive Directors and three independent non-executive Directors.

Our Directors have relevant experience to ensure the proper functioning of the Board. We further believe that our Directors and members of the senior management are able to Controlling Shareholders and their respective close associates for the following reasons:

(a) our independent non-executive Directors have extensive experience in different areas. We believe that they will be able to exercise their independent judgment and will be able to provide impartial opinions in the decision-making process of our Board to protect the interests of our Shareholders;

(b) each of our Directors is aware of his or her fiduciary duties as a director, which requires, among other things, that he or she acts for our Company's best interests and he or she must not allow any conflict between his or her duties as a Director and his or her personal interests; and

(c) where a Board meeting or Shareholders' meeting is held to consider a proposed transaction in which our Directors or Controlling Shareholders or any of their respective close associates have a material interest, the relevant Directors or our Controlling Shareholders and their respective close associates shall abstain from voting on the relevant resolutions and shall not be counted towards the quorum for the voting.

Financial Independence

We have an independent financial system. We make financial decisions according to our own business needs, and neither our Controlling Shareholders nor their close associates intervene with our use of funds. We have established an independent finance department with a team of finance staff and an independent audit, accounting and financial management system.

As of the Latest Practicable Date, there was no loan or other forms of financial assistance provided by our Controlling Shareholders to our Company. As at the time of the [REDACTED], it is expected that there will be no loans, guarantee or other forms of financial assistance provided by our Controlling Shareholders or their associates to our Company.

Based on the above, our Directors consider there to be no financial dependence on any of our Controlling Shareholders.

CORPORATE GOVERNANCE MEASURES

Our Directors believe that there are adequate corporate governance measures in place to manage the potential conflict of interests between our Controlling Shareholders and our Group and to safeguard the interests of our Shareholders taken as a whole for the following reasons:

- where a Shareholders' meeting is to be held for considering proposed transactions in which our Controlling Shareholders or any of their respective close associates has a material interest, our Controlling Shareholders will not vote on the resolutions and shall not be counted in the quorum in the voting;

- our Group has established internal control mechanisms to identify connected transactions. Upon the [REDACTED], if any transaction is proposed between our Group and our Controlling Shareholders and their respective associates, we will comply with the requirements of the Articles of Association and the Listing Rules, including, where appropriate, the reporting, annual review by the independent non-executive Directors, announcement and independent shareholders' approval;

- our Board consists of a balanced composition of executive Directors and independent non-executive Directors, with independent non-executive Directors representing more than one-third of our Board to ensure that our Board is able to effectively exercise independent judgment in its decision-making process and provide independent advice to our Shareholders. Our independent non-executive Directors individually and collectively possess the requisite knowledge and experience to perform their duties. They will review whether there is any conflict of interests between our Group and our Controlling Shareholders and provide impartial and professional advice to protect the interests of our minority Shareholders;

- where our Directors reasonably request the advice of independent professionals, such as financial advisers, the appointment of such independent professionals will be made at our Company's expenses; and

- we have appointed Rainbow Capital (HK) Limited as our Compliance Adviser, who will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to directors' duties and corporate governance, and inform us on a timely basis of any amendment or supplement to the Listing Rules or applicable laws and regulations in Hong Kong.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest that may arise between our Company and our Controlling Shareholders, and to protect our minority Shareholders' interests after the [REDACTED].

SHARE CAPITAL

This section presents certain information regarding our share capital before and upon completion of the [REDACTED].

BEFORE THE COMPLETION OF THE [REDACTED]

As of the Latest Practicable Date, the issued share capital of our Company was 587,375,868 comprising 587,375,868 Unlisted Shares with a nominal value of RMB1.00 each.

UPON THE COMPLETION OF THE [REDACTED]

Immediately following the completion of the [REDACTED] and the conversion of all Unlisted Shares into H Shares, assuming that the [REDACTED] is not exercised, the issued share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate Percentage of the Total Share Capital of our Company (%)
H Shares to be converted from Unlisted Shares	[REDACTED]	[REDACTED]
H Shares to be issued under the [REDACTED]	[REDACTED]	[REDACTED]
Total	**[REDACTED]**	**100.00**

Immediately following the completion of the [REDACTED] and the conversion of Unlisted Shares into H Shares, assuming that the [REDACTED] is fully exercised, the issued share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate Percentage of the Total Share Capital of our Company (%)
H Shares to be converted from Unlisted Shares	[REDACTED]	[REDACTED]
H Shares to be issued under the [REDACTED]	[REDACTED]	[REDACTED]
Total	**[REDACTED]**	**100.00**

RANKING

Upon completion of the [REDACTED], we would have only one class of Shares. H Shares are all ordinary Shares in the share capital of our Company. However, except for certain qualified domestic institutional investors in the PRC, qualified PRC investors under the Shanghai — Hong Kong Stock Connect or the Shenzhen — Hong Kong Stock Connect and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities, H Shares generally cannot be [REDACTED] by or [REDACTED] between legal or natural persons of the PRC. H Shares 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 the H Shares are to be paid by us in Renminbi, Hong Kong dollars or in the form of H Shares.

CONVERSION OF OUR UNLISTED SHARES INTO H SHARES

According to the regulations issued by the CSRC, the holders of our Unlisted Shares may, at their own option, authorize the Company to apply to the CSRC for conversion of their respective Unlisted Shares to H Shares, and such converted Shares may be [REDACTED] and [REDACTED] on an overseas stock exchange provided that the required filings with the securities regulatory authorities of the State Council for the conversion, [REDACTED] and [REDACTED] of such converted Shares have been completed. Additionally, such conversion, [REDACTED] and [REDACTED] shall meet any requirement of internal approval process and in all respects comply with the regulations prescribed by the securities regulatory authorities of the State Council and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange. Save as disclosed in this Document and to the best knowledge of our Directors, we are not aware of the intention of such existing Shareholders to convert their Unlisted Shares.

If any of the Unlisted Shares are to be converted, [REDACTED] and [REDACTED] as H Shares on the Stock Exchange, the filings with the relevant PRC regulatory authorities, including the CSRC, and the approval of the Stock Exchange are necessary for such conversion. Based on the procedures for the conversion of Unlisted Shares into H Shares as set forth below, we will apply for the [REDACTED] of all or any portion of the Unlisted Shares on the Stock Exchange as H Shares in advance of any proposed conversion after the [REDACTED] to ensure that the conversion process can be completed promptly upon notice to the Stock Exchange and delivery of Shares for entry on the [REDACTED]. As the [REDACTED] of additional Shares after the [REDACTED] on the Stock Exchange is ordinarily considered by the Stock Exchange to be a purely administrative matter, it does not require such prior application for [REDACTED] at the time of our [REDACTED] in Hong Kong. No class Shareholder voting is required for the conversion of such Shares or the [REDACTED] and [REDACTED] of such converted Shares on an overseas stock exchange. Any application for [REDACTED] of the converted shares on the Stock Exchange after our [REDACTED] is subject to prior notification by way of announcement to inform our Shareholders and the public of any proposed conversion.

After all the requisite filings have been completed and approvals have been obtained, the relevant Unlisted Shares will be withdrawn from the Unlisted Share register, and our Company will re-register such Shares on the [REDACTED] maintained in Hong Kong and instruct the H Share Registrar to issue [REDACTED]. Registration on the [REDACTED] of our Company will be on the conditions that (i) the H Share Registrar lodges with the Stock Exchange a letter confirming the entry of the relevant H Shares on the [REDACTED] and the due dispatch of [REDACTED]; and (ii) the admission of the H Shares to be [REDACTED] on the Stock Exchange complies with the Listing Rules and the General Rules of HKSCC and the HKSCC Operational Procedures in force from time to time.

Until the converted Shares are re-registered on the [REDACTED] of our Company, such Shares would not be [REDACTED] as H Shares. For details of our existing Shareholders' proposed conversion of Unlisted Shares into H Shares, see "History, Development and Corporate Structure — Capitalization" in this Document.

GENERAL MANDATE TO ISSUE SHARES, SELL AND/OR TRANSFER TREASURY SHARES AND REPURCHASE MANDATE

Subject to the completion of the [REDACTED], our Board has been granted a general mandate to allot and issue H Shares. For further details on this general mandate, see "Statutory and General Information — Further Information about our Company — Resolutions of our Shareholders" in Appendix IV to this Document.

RESTRICTIONS OF SHARE TRANSFER

Pursuant to the PRC Company Law, our Shares issued prior to the [REDACTED] shall not be transferred within one year from the [REDACTED].

Shares transferred by our Directors and members of the senior management each year during their term of office shall not exceed 25% of their total respective shareholdings in our Company unless otherwise permitted by applicable laws and regulations. The Shares that the aforementioned persons hold in our Company cannot be transferred within half a year after they leave their positions as Directors and members of the senior management in our Company.

SHAREHOLDERS' GENERAL MEETING

For details of circumstances under which our Shareholders' general meeting is required, see "Appendix III — Summary of Articles of Association" in this Document.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the [REDACTED] and the conversion of our Unlisted Shares to H Shares assuming the [REDACTED] is not exercised, the following persons will have an interest and/or short position in the 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, will be, directly or indirectly interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company:

		As of the Latest Practicable Date		Immediately following the [REDACTED] (assuming the [REDACTED] is not exercised)			
Name of Shareholder	Nature of interest	Number of Shares	Approximate percentage of shareholding in our total share capital	Number of Shares	Description of Shares	Approximate percentage of shareholding in the Unlisted Shares/ H Shares[(1)]	Approximate percentage of shareholding in our total share capital[(1)]
Dr. Feng[(2)(3)(4)]	Beneficial owner	62,520,391	10.64%	[REDACTED]	H Shares	[REDACTED]%	[REDACTED]%
	Interest in controlled corporations	27,879,269	4.75%	[REDACTED]	H Shares	[REDACTED]%	[REDACTED]%
	Interest of spouse	28,418,351	4.84%	[REDACTED]	H Shares	[REDACTED]%	[REDACTED]%
Dr. Li[(2)(3)]	Beneficial owner	60,625,816	10.32%	[REDACTED]	H Shares	[REDACTED]%	[REDACTED]%
	Interest in controlled corporations	12,148,779	2.07%	[REDACTED]	H Shares	[REDACTED]%	[REDACTED]%
Dr. Nan[(2)]	Beneficial owner	37,891,137	6.45%	[REDACTED]	H Shares	[REDACTED]%	[REDACTED]%
Ms. Yang[(2)(4)]	Beneficial owner	28,418,351	4.84%	[REDACTED]	H Shares	[REDACTED]%	[REDACTED]%
	Interest of spouse	90,399,660	15.39%	[REDACTED]	H Shares	[REDACTED]%	[REDACTED]%
Kunshan Heshi[(3)]	Beneficial owner	15,730,490	2.68%	[REDACTED]	H Shares	[REDACTED]%	[REDACTED]%
Kunshan Qingchuang[(3)]	Beneficial owner	12,148,779	2.07%	[REDACTED]	H Shares	[REDACTED]%	[REDACTED]%
SAIC Motor[(5)]	Interest in controlled corporations	97,058,027	16.52%	[REDACTED]	H Shares	[REDACTED]%	[REDACTED]%
Jiaxing Chuangqi[(5)]	Beneficial owner	46,240,543	7.87%	[REDACTED]	H Shares	[REDACTED]%	[REDACTED]%
Jiaxing Qijun No.1[(5)]	Beneficial owner	36,565,376	6.23%	[REDACTED]	H Shares	[REDACTED]%	[REDACTED]%
Jiaxing Chuangrong[(5)]	Beneficial owner	863,034	0.15%	[REDACTED]	H Shares	[REDACTED]%	[REDACTED]%
Kunshan Yizhen[(5)]	Beneficial owner	8,421,159	1.43%	[REDACTED]	H Shares	[REDACTED]%	[REDACTED]%
YRD Investment[(5)]	Beneficial owner	3,562,750	0.61%	[REDACTED]	H Shares	[REDACTED]%	[REDACTED]%
Shangqi Qifeng[(5)]	Beneficial owner	1,405,165	0.24%	[REDACTED]	H Shares	[REDACTED]%	[REDACTED]%
Fengrui Entities[(6)(7)]	Interest in controlled corporations	88,649,784	15.09%	[REDACTED]	H Shares	[REDACTED]%	[REDACTED]%
Shanghai FreeS[(7)]	Beneficial owner	47,646,738	8.11%	[REDACTED]	H Shares	[REDACTED]%	[REDACTED]%
Chongqing Fengrui I[(6)(7)(8)]	Beneficial owner	38,350,012	6.53%	[REDACTED]	H Shares	[REDACTED]%	[REDACTED]%
Chengdu Fengrui[(7)]	Beneficial owner	895,000	0.15%	[REDACTED]	H Shares	[REDACTED]%	[REDACTED]%
Kunshan Fengrui[(7)]	Beneficial owner	895,000	0.15%	[REDACTED]	H Shares	[REDACTED]%	[REDACTED]%
Fengrui Qihang[(7)]	Beneficial owner	431,517	0.07%	[REDACTED]	H Shares	[REDACTED]%	[REDACTED]%
Quanzhou Fengrui[(7)]	Beneficial owner	431,517	0.07%	[REDACTED]	H Shares	[REDACTED]%	[REDACTED]%
Chongqing Entities[(6)(8)(9)]	Interest in controlled corporations	71,365,138	12.15%	[REDACTED]	H Shares	[REDACTED]%	[REDACTED]%
Chongqing Yasirui[(8)]	Beneficial owner	13,488,318	2.30%	[REDACTED]	H Shares	[REDACTED]%	[REDACTED]%
Chongqing Qinshuo[(8)]	Beneficial owner	9,913,926	1.69%	[REDACTED]	H Shares	[REDACTED]%	[REDACTED]%
Chongqing Zhenghanting[(8)]	Beneficial owner	5,865,789	1.00%	[REDACTED]	H Shares	[REDACTED]%	[REDACTED]%
Chongqing Yasda[(8)]	Beneficial owner	3,747,093	0.64%	[REDACTED]	H Shares	[REDACTED]%	[REDACTED]%

Notes:

(1) The calculation is based on the total number of [REDACTED] H Shares in issue immediately after completion of the [REDACTED] since [REDACTED] Unlisted Shares will be converted into H Shares and [REDACTED] H Shares will be issued pursuant to the [REDACTED], assuming that the [REDACTED] is not exercised.

(2) Dr. Feng, Dr. Li, Dr. Nan and Ms. Yang entered into the Concert Party Agreement. For details, see "History, Development and Corporate Structure — Concert Party Agreement" in this Document.

(3) As of the Latest Practicable Date, Dr. Feng, our chairman and an executive Director, is the general partner of Kunshan Heshi. Dr. Feng and Dr. Li, our executive Director and general manager, are the general partners of Kunshan Qingchuang. Both Kunshan Heshi and Kunshan Qingchuang are our Employee Shareholding Platforms. As such, under the SFO, Dr. Feng is deemed to be interested in the Shares held by Kunshan Heshi, and Dr. Feng and Dr. Li are deemed to be interested in the Shares held by Kunshan Qingchuang upon the completion of the [REDACTED].

(4) Ms. Yang is the spouse of Dr. Feng and Dr. Feng is therefore deemed to be interested in the same number of Shares in which Ms. Yang is interested upon the completion of the [REDACTED] under the SFO. Ms. Yang is therefore deemed to be interested in the same number of Shares in which Dr. Feng is interested upon the completion of the [REDACTED] under the SFO.

(5) As of the Latest Practicable Date, (i) Jiaxing Chuangqi Venture Capital Partnership (Limited Partnership) (嘉興創頎創業投資合夥企業(有限合夥)) ("**Jiaxing Chuangqi**") was owned as to 99.98% by its sole limited partner, SAIC (Changzhou) Innovation Development Investment Fund Co., Ltd. (上汽(常州)創新發展投資基金股份有限公司), which is in turn owned as to 99.5% by SAIC Motor Investment Management Co., Ltd. (上海汽車集團投資管理有限公司), a wholly owned subsidiary of SAIC Motor Corporation Limited (上海汽車集團股份有限公司) ("**SAIC Motor**"), (ii) Jiaxing Qijun No.1 Equity Investment Partnership (Limited Partnership) (嘉興頎駿一號股權投資合 夥企業(有限合夥)) ("**Jiaxing Qijun No.1**") was owned as to 99.70% by SAIC Motor as its limited partner, (iii) Jiaxing Chuangrong Equity Investment Partnership (Limited Partnership) (嘉興創榮股權投資合夥企業(有限合夥)) ("**Jiaxing Chuangrong**") was owned as to 52.67% by SAIC Motor Venture Capital Co., Ltd. (上海汽車創業投資有限公司) and 46.08% by SAIC Motor Financial Holdings Co., Ltd. (上海汽車集團金控管理有限公司), respectively, (iv) the general partner of each of Kunshan Yizhen Equity Investment Partnership (Limited Partnership) (昆山屹真股權投資合夥企業(有限合夥)) ("**Kunshan Yizhen**"), Shanghai Yangtze River Delta Industrial Upgrading Equity Investment Partnership (Limited Partnership) (上海長三角產業升級股權投資合夥企業(有限合夥)) ("**YRD Investment**") and Taizhou Shangqi Qifeng Equity Investment Partnership (Limited Partnership) (台州尚頎頎豐股權投資合夥企業(有限合夥)) ("**Shangqi Qifeng**") was Shanghai Hengxu Chuangling Private Equity Fund Management Co., Ltd. (上海恒旭創領私募基金管理有限公司) ("**Hengxu Chuangling**"), which was owned as to 40% by SAIC Motor Financial Holdings Co., Ltd., and (v) Shangqi Qifeng was owned as to 49.93% by SAIC Motor Financial Holdings Co., Ltd. SAIC Motor Venture Capital Co., Ltd. and SAIC Motor Financial Holdings Co., Ltd. are wholly owned subsidiaries of SAIC Motor. As such, SAIC Motor is deemed to be interested in the Shares held by Jiaxing Chuangqi, Jiaxing Qijun No.1, Jiaxing Chuangrong, Kunshan Yizhen, YRD Investment and Shangqi Qifeng upon the completion of the [REDACTED] under the SFO.

(6) As of the Latest Practicable Date, the general partner of Chongqing Fengrui Excellent Phase I Equity Investment Fund Partnership (Limited Partnership) (重慶峰瑞卓越一期股權投資基金合夥企業(有限合夥)) ("**Chongqing Fengrui I**") was Chongqing Fengrui Excellent Equity Investment Fund Management Co., Ltd. (重慶峰瑞卓越股權投資基金管理股份有限公司) ("**Chongqing Fengrui**"), which was owned as to 50% by Shanghai Ziyou Investment Management Limited (上海自友投資管理有限公司) ("**Shanghai Ziyou**"), in which Li Feng (李豐) ultimately controlled approximately 95% and Song Xiaoping (宋曉平) controlled 5%, and 50% by Chongqing Zhengju Capital Investment Co., Ltd. (重慶正居資本投資有限公司) ("**Chongqing Zhengju**"), which was in turn owned as to 51% by Song Xiaoping (宋曉平) and 49% by Song Xiaoping's spouse, Chen Yaqin (陳亞勤).

(7) As of Latest Practicable Date, (i) the general partner of Shanghai FreeS Venture Capital Center (Limited Partnership) (上海峰瑞創業投資中心(有限合夥)) ("**Shanghai FreeS**") and Quanzhou Fengrui Equity Investment Partnership (Limited Partnership) (泉州市鋒睿股權投資合夥企業(有限合夥)) ("**Quanzhou Fengrui**") was Shanghai Ziyou, which was ultimately controlled by Li Feng (李豐) as to approximately 95%, (ii) the general partner of Chongqing Fengrui I was Chongqing Fengrui, which was owned as to 50% by Shanghai Ziyou, (iii) the general partner of each of Chengdu Fengrui Tiantou Venture Capital Center (Limited Partnership) (成都峰睿天投創業投資中心(有限合夥)) ("**Chengdu Fengrui**"), Kunshan Fengrui Equity Investment Center (Limited Partnership) (昆山峰瑞股權投資中

心(有限合夥)) ("**Kunshan Fengrui**"), and Nanjing Fengrui Qihang Dejian Science and Technology Innovation Investment Partnership (Limited Partnership) (南京峰瑞啟航德見科創投資合夥企業(有限合夥)) ("**Fengrui Qihang**") is a limited partnership established in the PRC with Nanjing Fengrui Equity Investment Management Center (Limited Partnership) (南京峰瑞股權投資管理中心(有限合夥)) ("**Nanjing Fengrui**"). Nanjing Fengrui was owned as to 83.19% by Shanghai Ziyou. As such, Fenrui Entities are deemed to be interested in the Shares held by Shanghai FreeS, Quanzhou Fengrui, Chongqing Fengrui I, Chengdu Fengrui, Kunshan Fengrui and Fengrui Qihang upon the completion of the [REDACTED] under the SFO.

(8) As of Latest Practicable Date, (i) each of Chongqing Yasirui Enterprise Management Partnership (Limited Partnership) (重慶雅思銳企業管理合夥企業(有限合夥)) ("**Chongqing Yasirui**"), Chongqing Qinshuo Enterprise Management Partnership (Limited Partnership) (重慶勤碩企業管理合夥企業(有限合夥)) ("**Chongqing Qinshuo**") and Chongqing Zhenghanting Enterprise Management Partnership (Limited Partnership) (重慶正瀚霆企業管理合夥企業(有限合夥)) ("**Chongqing Zhenghanting**") was held as to 90% by Song Xiaoping and 10% by Chen Yaqin, and (ii) Chongqing Yasda Enterprise Management Partnership (Limited Partnership) (重慶亞斯達企業管理合夥企業(有限合夥)) ("**Chongqing Yasda**") was held as to 51% by Song Xiaoping and 49% by Chen Yaqin, (iii) the general partner of Chongqing Fengrui I was Chongqing Fengrui, which was owned as to 50% by Chongqing Zhengju, which was in turn owned as to 51% by Song Xiaoping and 49% by Chen Yaqin. As such, Song Xiaoping is deemed to be interested in the Shares held by Chongqing Yasirui, Chongqing Qinshuo, Chongqing Zhenghanting, Chongqing Yasda and Chongqing Fengrui I upon the completion of the [REDACTED] under the SFO.

(9) As of Latest Practicable Date, (i) Chongqing Yasda was held as to 51% by Song Xiaoping and 49% by Chen Yaqin, (ii) the general partner of Chongqing Fengrui I was Chongqing Fengrui, which was owned as to 50% by Chongqing Zhengju, which was in turn owned as to 51% by Song Xiaoping and 49% by Chen Yaqin, (iii) Chen Yaqin is the spouse of Song Xiaoping. As such, Chen Yaqin is deemed to be interested in the Shares held by Chongqing Yasda, Chongqing Fengrui I and Song Xiaoping upon the completion of the [REDACTED] under the SFO.

Save as disclosed above and the section headed "Appendix IV — Statutory and General Information — Further Information about our Directors, Senior Management and Substantial Shareholders — Interests of the substantial shareholders in the Shares" in this Document, our Directors are not aware of any person who will, immediately following completion of the [REDACTED] (assuming that the [REDACTED] is not exercised), 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 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.

FINANCIAL INFORMATION

You should read the following discussion and analysis in conjunction with our consolidated financial information including the notes thereto, included in the Accountants' Report set out in Appendix I to this Document, together with the respective accompanying notes. Our consolidated financial information has been prepared in accordance with IFRSs, which may differ in material aspects from generally accepted accounting principles in other jurisdictions.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical events, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties, many of which we cannot control or foresee. In evaluating our business, you should carefully consider all of the information provided in this Document, including the sections headed "Risk Factors" and "Business."

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

BASIS OF PRESENTATION AND PREPARATION

The consolidated financial statements of the Group for the Track Record Period, on which the historical financial information is based, have been prepared in accordance with the accounting policies which conform with IFRS Accounting standards ("**IFRSs**") issued by International Accounting Standards Board ("**IASB**") and were audited by Deloitte Touche Tohmatsu in accordance with Hong Kong Standards on Auditing issued by the HKICPA. For details of the basis of preparation, see Note 2 to the Accountants' Report included in Appendix I to this Document.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

The growth and future success of our business depend on many factors. While each of these factors presents significant opportunities for our business, they also pose challenges that we must successfully address in order to sustain our growth and improve our results of operations.

General Factors

- overall economic growth and conditions;
- development and prosperity of the industry where we operate;
- conditions of the downstream markets of the solid-liquid hybrid and all-solid-state battery industry and the resulting fluctuations in customer demand;
- technology development and competition in the solid-liquid hybrid and all-solid-state battery industry; and
- relevant laws and regulations, government policies and initiatives.

Company-specific Factors

Customer Acquisition and Retention

We derived our revenue primarily from the sale of solid-liquid hybrid batteries for both EV and ESS applications during the Track Record Period. Our results of operations depend on our ability to acquire new customers and secure additional orders from existing ones across these core business lines.

By offering high-quality products adaptable for various scenarios, we have cultivated a loyal customer base. We also offer timely after-sales support to resolve any battery-related issues, ensuring high customer satisfaction and repeat order placements. In addition, as we continue to deepen our strategic cooperation with leading automotive OEMs, such as SAIC Group and BAIC, we anticipate securing a larger volume of high-quality orders. We believe that these premium partnerships will serve as a key driver for our business, leading to a substantial increase in our future revenue.

Product Mix and Revenue Composition

Our financial performance was materially affected by changes in our product mix during the Track Record Period. Our revenue was generated primarily from EV batteries, ESS batteries and automation equipment, each of which had a different margin profile. The global shipment volume of solid-liquid hybrid and all-solid-state EV batteries expanded from 0.3 GWh in 2022 to 2.3 GWh in 2025, representing a CAGR of approximately 92.0% between 2022 and 2025. It is forecasted to accelerate rapidly between 2026 and 2030 at a CAGR of approximately 177.2%, reaching approximately 605.0 GWh by 2030. The global shipments of solid-liquid hybrid and all-solid-state ESS batteries increased from 0.1 GWh in 2022 to 3.4 GWh in 2025, representing a CAGR of approximately 222.5% during this period.

During the Track Record Period, the contribution of EV batteries and ESS batteries to our total revenue increased, while the contribution of automation equipment decreased. Revenue from EV batteries increased from RMB6.3 million in 2023 to RMB11.6 million in 2024 further to RMB236.5 million in 2025, respectively. Revenue from ESS batteries increased from RMB92.3 million in 2023 to RMB258.4 million in 2024 and further to RMB592.1 million in 2025, respectively.

Gross Margin Profile and Cost Structure

The changes in our product mix had a direct impact on our gross margin. The gross margin profile of our EV battery reflects our early stage of commercialization and ramp-up of our EV battery business. Despite our advanced technologies, we had not yet achieved economies of scale. Our profitability depends partially on our ability to effectively manage and optimize our costs of sales. Costs for materials and overhead have a significant impact on our cost of sales. Fluctuations in the supply or prices of these key materials, such as lithium, graphite, and copper, may affect our production costs.

EV batteries recorded gross loss margins of 38.1%, 77.0% and 111.6% in 2023, 2024 and 2025, respectively. ESS batteries recorded gross loss margins of 108.5%, 49.0% and 6.0% in 2023, 2024 and 2025, respectively. The narrowing of gross loss margin of our ESS batteries during the Track Record Period have been attributable to, among other factors, the high-quality customer base we serve with high margin profile. By contrast, automation equipment recorded gross profit margins of 28.1%, 20.7% and 26.8% in 2023, 2024 and 2025, respectively.

As a result, the increasing contribution of EV batteries and ESS batteries, together with the declining contribution of automation equipment, affected our overall gross margin during the Track Record Period. In particular, although the gross loss margin of our ESS battery business improved during the Track Record Period, both our EV battery business and ESS battery business continued to record gross losses. Going forward, as our battery businesses continue to scale up and the margin profiles of EV batteries and ESS batteries improve, changes in product mix may continue to affect our results of operations and financial performance.

Production Capacity and Manufacturing Efficiency

We have continuously expanded our production capacity across our business lines to support growing market demand. For details, see "Business — Manufacturing." We intend to further expand our capacity in alignment with our growth strategy. Leveraging our integrated capabilities across materials, equipment, and advanced manufacturing processes, we continue to improve equipment utilization, significantly elevating our manufacturing efficiency and cost structure. Looking ahead, we plan to continue upgrading facilities to ensure the consistent quality required for mass production of solid-state technologies.

Operational Leverage

We view continuous R&D investment as the cornerstone of our competitiveness. During the Track Record Period, we continued to invest the R&D expenses from RMB142.0 million in 2023, RMB295.6 million in 2024 and further to RMB376.9 million in 2025. Anchored in customer demand, our R&D model integrates development across materials, equipment, and manufacturing, supporting a full-cycle process from early-stage research to mass production. Our R&D efforts focus on improving product performance, energy density, safety, and cost-effectiveness. We are actively investing in next-generation battery technologies to secure first-mover advantages. We believe this comprehensive R&D strategy positions us to address a broader spectrum of market demands and effectively compete against competitors.

We have demonstrated continued operational efficiency enhancement. As a percentage of our total revenue, our operating expenses, as a sum of the selling and marketing expenses, general and administrative expenses, and research and development expenses, significantly decreased from 104.9% in 2023 to 63.5% in 2025. While we expect the absolute amounts of our operating expenses to increase as we continue to invest in the development and commercialization of our battery products, we expect to benefit from economies of scale and manufacturing execution capabilities to further reduce these expenses as a percentage of total revenue in the long term.

Seasonality

During the Track Record Period, our ESS battery business accounted for a significant proportion of our total sales and experienced period-to-period fluctuations in revenue primarily due to the schedule of certain ESS projects, which as a result showed a sales peak in fourth quarter. These major customers of our ESS battery business typically plan their projects early in the year and schedule deliveries and acceptances for the fourth quarter. Looking ahead, while we may continue to experience period-to-period fluctuations in revenue arising from our ESS battery business, as the revenue contribution from our EV battery business gradually increases, we expect our overall financial performance to be increasingly influenced by the inherent seasonal fluctuations of the broader EV industry.

CRITICAL ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

The preparation of the historical financial information requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgment in applying our accounting policies. Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on us and that are believed to be reasonable under the circumstances. For details on such estimates and judgments, see Note 5 to the Accountants' Report included in Appendix I to this Document.

SUMMARY OF OUR CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

The table below sets forth our consolidated statements of profit or loss for the years indicated derived from the Accountants' Report included in Appendix I to this Document:

	Years Ended December 31,		
	2023	2024	2025
		(RMB in thousands)	
Revenue	248,233	405,346	942,997
Cost of sales	(307,231)	(501,673)	(1,193,250)
Gross loss	**(58,998)**	**(96,327)**	**(250,253)**
Other income	60,472	66,455	153,671
Other gains and losses, net	14,684	26,646	(17,152)
Selling and marketing expenses	(22,338)	(22,015)	(25,411)
General and administrative expenses	(96,120)	(146,020)	(196,615)
Research and development expenses	(142,012)	(295,598)	(376,944)
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Impairment losses on financial assets and other items	(23,120)	(22,037)	(38,868)
Share of results of associates	(5,291)	(2,600)	(2,898)
Finance costs	(573,344)	(502,313)	(542,450)
Loss before tax	**(846,067)**	**(993,809)**	**(1,299,881)**
Income tax expense	(6,977)	(5,308)	(2,468)
Loss for the year	**(853,044)**	**(999,117)**	**(1,302,349)**

NON-IFRS FINANCIAL MEASURES

To supplement our consolidated statements of profit or loss which are presented in accordance with IFRSs, we use adjusted net loss (Non-IFRS measure) as non-IFRS measures, which are not required by, or presented in accordance with, IFRSs.

We define adjusted net loss (Non-IFRS measure) as loss for the periods adjusted by (i) finance costs on redemption liabilities, which are non-cash in nature, (ii) share-based payment expense, which is non-cash in nature, and (iii) [REDACTED] which is related to the [REDACTED].

We believe that Non-IFRS measures facilitate the comparisons of operating performance and provide useful information to [REDACTED] and others in understanding and evaluating our operating performance in the same manner as it helps our management. However, our presentation of Non-IFRS measures for the periods may not be comparable to similarly titled measures presented by other companies. The use of Non-IFRS measures has limitations as an analytical tool, and [REDACTED] should not consider it in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under IFRS Accounting Standards.

The following tables reconcile Non-IFRS measures for the years presented with the nearest measures prepared in accordance with IFRS Accounting Standards.

	Years Ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Loss for the year	(853,044)	(999,117)	(1,302,349)
Adjustments:			
— Finance costs from redemption liabilities	570,285	497,687	533,695
— Share-based payment expenses	5,208	5,372	—
— [REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Adjusted net loss (*Non-IFRS measure*)	(277,551)	(496,058)	(765,693)

DESCRIPTION OF KEY COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

Revenue

The following table sets forth a breakdown of our revenue by product, and as percentages of total revenue, for the years indicated.

	Years Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)					
EV batteries	6,339	2.6	11,619	2.9	236,547	25.1
ESS batteries	92,313	37.2	258,360	63.7	592,072	62.8
Automation equipment	114,042	45.9	114,955	28.4	77,234	8.2
Others[(1)]	35,539	14.3	20,412	5.0	37,144	3.9
Total	**248,233**	**100.0**	**405,346**	**100.0**	**942,997**	**100.0**

Note:

(1) Others primarily represent recycling of scrap materials.

Sales Volume and Average Selling Prices

The following table sets forth our sales volumes and ASP (net of tax) by product type for the years indicated.

	Years ended December 31,					
	2023		2024		2025	
	Sales Volume (GWh)	ASP (RMB per Wh)	Sales Volume (GWh)	ASP (RMB per Wh)	Sales Volume (GWh)	ASP (RMB per Wh)
EV battery products	0.01	0.56	0.02	0.60	0.78	0.31[(1)]
ESS battery products	0.13	0.70	0.48	0.54	1.17	0.51[(2)]

Notes:

(1) Our ASP for EV battery products in 2025 primarily represented the selling price of individual battery cells.

(2) Our ASP for ESS battery products in 2025 primarily represented the selling price of battery packs with integrated control systems.

For a detailed discussion of changes in our sales volumes and ASP during the Track Record Period, see "Business — Our Product Portfolio."

Cost of Sales

The following table sets forth a breakdown of our cost of sales by nature, in absolute amounts and as percentages of total cost of sales, for the years indicated

	Years Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)					
Material costs	167,813	54.6	304,040	60.6	911,357	76.4
Overhead[(1)]	68,251	22.2	72,536	14.5	102,143	8.6
Labor cost	49,570	16.1	50,170	10.0	74,305	6.2
Write-down of inventories	21,597	7.1	74,927	14.9	105,445	8.8
Total	**307,231**	**100.0**	**501,673**	**100.0**	**1,193,250**	**100.0**

Note:

(1) Overhead primarily represents depreciation and amortization, and utilities and energy expenses.

Gross Loss and Gross Margin

As a result of the foregoing, we recorded gross loss of RMB59.0 million, RMB96.3 million and RMB250.3 million in 2023, 2024 and 2025, respectively. The following table sets forth a breakdown of our gross profit/(loss) and gross margin by product for the years indicated.

	Years Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)					
EV batteries	(2,418)	(38.1)	(8,945)	(77.0)	(263,868)	(111.6)
ESS batteries	(100,177)	(108.5)	(126,682)	(49.0)	(35,674)	(6.0)
Automation equipment	32,075	28.1	23,761	20.7	20,685	26.8
Others	11,522	32.4	15,539	76.1	28,604	77.0
Total	**(58,998)**	**(23.8)**	**(96,327)**	**(23.8)**	**(250,253)**	**(26.5)**

EV batteries recorded gross loss margins of 38.1%, 77.0% and 111.6% in 2023, 2024 and 2025, respectively. The gross margin of our EV batteries was affected by, among other factors, the stage of commercialization and production ramp-up of this business during the Track Record Period. ESS batteries recorded gross loss margins of 108.5%, 49.0% and 6.0% in 2023, 2024 and 2025, respectively. The gross margin of our EV batteries and ESS batteries was affected by, among other factors, the stage of commercialization and production ramp-up of these products, the customer profile and price of raw materials. Going forward, as our battery businesses continue to scale up and the margin profiles of EV batteries and ESS batteries improve, changes in product mix may continue to materially affect our gross margin and results of operations.

Other Income

During the Track Record Period, our government grants were generally non-recurring in nature, and for assets-related government grants were granted to subsidize our certain construction and R&D projects and for income-related government grants were granted for our ongoing R&D activities. The following table sets forth a breakdown of our other income for the years indicated.

	Years Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)					
Government grants						
— Income related	23,916	39.5	26,577	40.0	134,152	87.3
— Assets related	6,898	11.4	7,538	11.3	8,765	5.7
Interest income on bank balances	25,420	42.0	25,492	38.4	9,488	6.2
Interest income on time deposits	3,239	5.4	4,724	7.1	235	0.2
Others[(1)]	999	1.7	2,124	3.2	1,031	0.6
Total	**60,472**	**100.0**	**66,455**	**100.0**	**153,671**	**100.0**

Note:

(1) Others primarily represent income received in connection with breach of contracts by our suppliers.

Other Gains and Losses, Net

The following table sets forth a breakdown of our other gains and losses, net, for the years indicated.

	Years Ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Loss on disposal of items of property, plant and equipment, and right-of-use assets, net	(827)	(329)	(21,747)
Gain on fair value changes of structured deposits	16,239	21,755	4,769
Gain on disposal of an associate	—	6,662	—
Net exchange gains (losses)	1	31	(10)
Others[(1)]	(729)	(1,473)	(164)
Total	**14,684**	**26,646**	**(17,152)**

Note:

(1) Others primarily represent donation and sponsorship.

Selling and Marketing Expenses

In 2023, 2024 and 2025, our selling and marketing expenses were RMB22.3 million, RMB22.0 million and RMB25.4 million, respectively, representing 9.0%, 5.4% and 2.7% of our revenue, respectively. The following table sets forth a breakdown of our selling and marketing expenses by nature, in absolute amounts and percentages of total selling and marketing expenses, for the years indicated.

	Years Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)					
Staff cost	13,648	61.1	13,545	61.5	17,269	68.0
Office expenses	3,459	15.5	3,662	16.6	3,580	14.1
Business development expenses	4,467	20.0	3,494	15.9	2,340	9.2
Others[(1)]	764	3.4	1,314	6.0	2,222	8.7
Total	**22,338**	**100.0**	**22,015**	**100.0**	**25,411**	**100.0**

Note:

(1) Others primarily represent depreciation and amortization expenses.

General and Administrative Expenses

In 2023, 2024 and 2025, our general and administrative expenses were RMB96.1 million, RMB146.0 million and RMB196.6 million, respectively, representing 38.7%, 36.0% and 20.9% of our revenue, respectively. The following table sets forth a breakdown of general and administrative expenses by nature, in absolute amounts and percentages of total general and administrative expenses, for the years indicated.

	Years Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)					
Staff cost	46,322	48.2	74,115	50.8	85,273	43.4
Office expenses	32,471	33.8	42,939	29.4	53,628	27.3
Depreciation and amortization	13,663	14.2	28,205	19.3	52,125	26.5
Others[(1)]	3,664	3.8	761	0.5	5,589	2.8
Total	**96,120**	**100.0**	**146,020**	**100.0**	**196,615**	**100.0**

Note:

(1) Others primarily represent auditor and professional service fees.

Research and Development Expenses

In 2023, 2024 and 2025, our research and development expenses were RMB142.0 million, RMB295.6 million and RMB376.9 million, respectively, representing 57.2%, 72.9% and 40.0% of our revenue, respectively. The following table sets forth a breakdown of research and development expenses by nature, in absolute amounts and percentages of total research and development expenses, for the years indicated.

	Years Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)					
Staff costs	93,382	65.9	145,761	49.3	175,248	46.5
Materials consumed	19,045	13.4	81,033	27.4	103,322	27.4
Testing fees	2,285	1.6	8,256	2.8	37,047	9.8
Office expenses	9,575	6.7	30,359	10.3	33,943	9.0
Depreciation and amortization	14,248	10.0	27,716	9.4	22,341	5.9
Others	3,477	2.4	2,473	0.8	5,043	1.4
Total	**142,012**	**100.0**	**295,598**	**100.0**	**376,944**	**100.0**

Impairment Losses on Financial Assets and Other Items

Our impairment losses on financial assets and other items, primarily derived from the expected credit loss on our trade, bills and other receivables. Our impairment losses on financial assets and other items amounted to RMB23.1 million, RMB22.0 million and RMB38.9 million in 2023, 2024 and 2025, respectively.

Share of Results of Associates

Our share of results of associates primarily represent our proportionate share of the net profit or loss of our associate companies. We recorded share of loss of our associates of RMB5.3 million, RMB2.6 million and RMB2.9 million in 2023, 2024 and 2025, respectively.

Finance Costs

The following table sets forth a breakdown of finance costs for the years indicated. For details of our financing activities giving rise to such redemption liabilities, see "History, Development and Corporate Structure" and Note 8 of the Accountants' Report in Appendix I to this Document.

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Finance costs from redemption liabilities	570,285	497,687	533,695
Interests on bank borrowings	4,590	6,140	13,348
Interests on lease liabilities	2,736	3,680	6,676
	577,611	507,507	553,719
Less: amounts capitalized in the cost of qualifying assets	(4,267)	(5,194)	(11,269)
Total	**573,344**	**502,313**	**542,450**

Income Tax Expense

We had income tax expense of RMB7.0 million, RMB5.3 million and RMB2.5 million in 2023, 2024 and 2025, respectively.

Loss for the Year

We recorded loss for the year of RMB853.0 million, RMB999.1 million and RMB1,302.3 million in 2023, 2024 and 2025, respectively.

TAXATION

PRC

Our subsidiaries established in the PRC are generally subject to statutory income tax at a rate of 25% in accordance with the relevant PRC income tax laws, subject to preferential tax treatments available to certain qualified enterprises. Certain of our subsidiaries approved as "High and New Technology Enterprise" in 2023 and, accordingly, enjoys a preferential income tax rate of 15% during the Track Record Period. This qualification is subject to review by relevant PRC governmental authorities every three years. Certain of our subsidiaries in the PRC have been granted certain tax concessions to small scale entities by tax authorities in the PRC whereby the subsidiaries operating in

the respective region are entitled to tax concessions. Preferential tax treatments and incentives granted to us by PRC governmental authorities are subject to review and may be adjusted or revoked at any time in the future.

DISCUSSION OF RESULTS OF OPERATIONS

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

Revenue

Our revenue significantly increased from RMB405.3 million in 2024 to RMB943.0 million in 2025, primarily driven by substantial growth in sales of both our EV batteries and ESS batteries as our commercialization efforts gained meaningful traction.

- ***EV Batteries.*** Our revenue from sales of EV batteries increased significantly from RMB11.6 million in 2024 to RMB236.5 million in 2025, primarily driven by a substantial increase in sales volume from 0.02 GWh in 2024 to 0.78 GWh in 2025 of which a significant proportion were made to two leading automotive OEMs, supported by the commencement of operations at our Kunshan production base in the first quarter of 2025.

- ***ESS Batteries.*** Our revenue from sales of ESS batteries increased significantly from RMB258.4 million in 2024 to RMB592.1 million in 2025, primarily driven by an increase in sales volume from 0.48 GWh in 2024 to 1.17 GWh in 2025, reflecting growing customer recognition of our ESS battery products across downstream verticals. A key contributor to the volume growth was the completion of a large-scale energy storage project in Wuhai, Inner Mongolia in 2025.

- ***Automation Equipment.*** Our revenue from sales of automation equipment decreased from RMB115.0 million in 2024 to RMB77.2 million in 2025. The decline was the result of a deliberate strategic decision to optimize our customer base.

- ***Others.*** Our other revenue increased from RMB20.4 million in 2024 to RMB37.1 million in 2025, attributable to the growth in recycling income from battery-related scrap and waste, which expanded in line with the increase in our overall production scale during the same period.

Cost of Sales

Our cost of sales increased from RMB501.7 million in 2024 to RMB1,193.3 million in 2025, primarily driven by the substantial increase in our material costs from RMB304.0 million in 2024 to RMB911.4 million in 2025 and our delivery volumes across our EV battery and ESS battery products, generally in line with our revenue growth.

Gross Loss and Gross Margin

Our gross loss increased from RMB96.3 million in 2024 to RMB250.3 million in 2025, while our overall gross loss margin recorded 23.8% in 2024 and 26.5% in 2025.

- ***EV Batteries.*** Our gross loss from sales of EV batteries increased from RMB8.9 million in 2024 to RMB263.9 million in 2025, while our gross loss margin increased from 77.0% in 2024 to 111.6% in 2025, primarily due to the early stage of commercialization of our EV battery business in 2024. With a significant increase in production capacity in 2025, we commenced volume delivery of our EV battery products in 2025, and our sales volume

increased substantially from 0.02 GWh in 2024 to 0.78 GWh in 2025. In addition, as a new market entrant, we adopted competitive pricing to establish our market position with two leading automotive OEMs.

- ***ESS Batteries.*** Our gross loss from sales of ESS batteries decreased by 71.8% from RMB126.7 million in 2024 to RMB35.7 million in 2025, and our gross loss margin narrowed from 49.0% in 2024 to 6.0% in 2025, primarily driven by growing customer recognition of our ESS battery products and the successful delivery of high-quality ESS projects, including the 800 MWh energy storage station in Wuhai, Inner Mongolia.

- ***Automation Equipment.*** Our gross profit from sales of automation equipment decreased by 13.0% from RMB23.8 million in 2024 to RMB20.7 million in 2025, while our gross profit margin increased from 20.7% in 2024 to 26.8% in 2025. The margin improvement reflects our focus on higher quality customers, consistent with our broader strategic transition towards our core battery business.

- ***Others.*** Our gross profit from other sales increased by 84.5% from RMB15.5 million in 2024 to RMB28.6 million in 2025, the increase of gross profit from other sales generally in line with our other business segments, and our gross profit margin remained relatively stable as 76.1% in 2024 and 77.0% in 2025.

Other Income

Our other income increased by 131.2% from RMB66.5 million in 2024 to RMB153.7 million in 2025, primarily due to the increase in income-related government grants, which were primarily government subsidies for our ongoing R&D activities.

Other Gains and Losses, Net

Our other net losses increased significantly from gain RMB26.6 million in 2024 to loss RMB17.2 million in 2025, primarily due to disposal of long-term assets during the renovation of our plants.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 15.4% from RMB22.0 million in 2024 to RM25.4 million in 2025, primarily due to the increase in staff costs driven by our increased salary incentives to our sales team.

General and Administrative Expenses

Our general and administrative expenses increased by 34.6% from RMB146.0 million in 2024 to RMB196.6 million in 2025, primarily due to the increase in depreciation and amortization as well as staff costs, which were driven by the overall expansion of our business scale and the increase in both owned and leased office premises.

Research and Development Expenses

Our research and development expenses increased by 27.5% from RMB295.6 million in 2024 to RMB376.9 million in 2025, primarily due to the increase in staff cost, materials consumed and testing fee which was driven by our increased R&D activities.

Finance Costs

Our finance costs increased by 8.0% from RMB502.3 million in 2024 to RMB542.5 million in 2025, primarily due to the increase in finance costs on redemption liabilities in relation to certain Pre-[REDACTED] Investments. For details, see Note 8 and Note 32 to the Accountants' Report in Appendix I to this Document.

Loss for the Year

As a result of the foregoing, our loss of the year increased by RMB303.2 million, or 30.3% from RMB999.1 million in 2024 to RMB1,302.3 million in 2025.

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

Revenue

Our revenue increased by 63.3%, from RMB248.2 million in 2023 to RMB405.3 million in 2024, primarily due to the increase in the revenue generated from ESS batteries, driven by a combination of increased order volume from customers.

- ***EV Batteries.*** Our revenue from sales of EV batteries increased from RMB6.3 million in 2023 to RMB11.6 million in 2024, primarily due to increases in sales volume from 0.01 GWh to 0.02 GWh during the same period.

- ***ESS Batteries.*** Our revenue from sales of ESS batteries increased from RMB92.3 million in 2023 to RMB258.4 million in 2024, primarily driven by an increase in sales volume, which rose from 0.13 GWh to 0.48 GWh over the same period. The increase in sales volume was mainly attributable to the validation and broader customer adoption of our ESS battery products.

- ***Automation Equipment.*** Our revenue from sales of automation equipment remained relatively stable at RMB114.0 million and RMB115.0 million in 2023 and 2024, respectively.

- ***Others.*** Our other revenue decreased from RMB35.5 million in 2023 to RMB20.4 million in 2024. Our other revenue is derived from ancillary business activities, primarily the recycling materials and raw materials, and fluctuations in such revenue generally reflect changes in the scale and mix of these activities.

Cost of Sales

Our cost of sales increased by 63.3% from RMB307.2 million in 2023 to RMB501.7 million in 2024, primarily driven by the expansion of our operational scale as we ramped up production to meet growing customer demand, resulting in higher consumption of raw materials, labor costs and manufacturing overhead.

Gross Loss and Gross Margin

As a result of the foregoing, our gross loss increased from RMB59.0 million in 2023 to RMB96.3 million in 2024. Notwithstanding the increase in absolute gross loss, our overall gross loss margin remained relatively stable of 23.8% in 2023 and 2024, respectively. Specifically:

- ***EV Batteries.*** Our gross loss from EV battery sales increased from RMB2.4 million in 2023 to RMB8.9 million in 2024, and our gross loss margin widened from 38.1% to 77.0% over the same period. In both years, our EV batteries remained in the pre-commercial phase, with sales volumes limited to trial deliveries while production costs stayed high due to the absence of economies of scale. The widening of gross loss margin in 2024 was primarily attributable to an increase in trial production volume, which resulted in higher total production costs that were not sufficiently offset by the limited revenue generated from trial deliveries.

- ***ESS Batteries.*** Our gross loss from ESS battery business increased from RMB100.2 million in 2023 to RMB126.7 million in 2024, and our gross loss margin narrowed from 108.5% in 2023 to 49.0% in 2024. This improvement of our gross loss margin was primarily driven by increased sales volumes in 2024, which demonstrated the operating leverage of our ESS battery business as production volumes scaled.

- ***Automation Equipment.*** Our gross profit from sales of automation equipment decreased by 25.9% from RMB32.1 million in 2023 to RMB23.8 million in 2024, while our gross profit margin decreased from 28.1% in 2023 to 20.7% in 2024, primarily due to the ramping up for our new production lines for automation equipment.

- ***Others.*** Our gross profit from other sales increased from RMB11.5 million in 2023 to RMB15.5 million in 2024, and our gross profit margin increased from 32.4% in 2023 to 76.1% in 2024.

Other Income

Our other income increased by 9.9% from RMB60.5 million in 2023 to RMB66.5 million in 2024, primarily due to the increase in government grants attributable to supportive policies.

Other Gains and Losses, Net

Our other net gain recorded RMB14.7 million in 2023 and RMB26.6 million in 2024, primarily due to the disposal of an associate in 2024.

Selling and Marketing Expenses

Our selling and marketing expenses remained relatively stable at RMB22.3 million and RMB22.0 million in 2023 and 2024, respectively.

General and Administrative Expenses

Our general and administrative expenses significantly increased from RMB96.1 million in 2023 to RMB146.0 million in 2024, primarily due to the increase in salaries and compensation of our administrative team as well as depreciation and amortization, in line with our business expansion.

Research and Development Expenses

Our research and development expenses significantly increased from RMB142.0 million in 2023 to RMB295.6 million in 2024, primarily due to the increasing expenses in personnel salaries of R&D staff and materials.

Finance Costs

Our finance costs decreased by 12.4% from RMB573.3 million in 2023 to RMB502.3 million in 2024, primarily due to the decrease in finance costs on redemption liabilities in relation to certain Pre-[REDACTED] Investments. For details, see Note 8 and Note 32 to the Accountants' Report in Appendix I to this Document.

Loss for the Year

As a result of the foregoing, our loss for the year increased from RMB853.0 million in 2023 to RMB999.1 million in 2024.

DISCUSSION OF SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITIONS

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

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Non-current assets	1,481,353	2,607,787	3,300,174
Current assets	4,025,100	2,987,909	3,331,358
Total assets	**5,506,453**	**5,595,696**	**6,631,532**
Non-current liabilities	299,307	277,979	1,220,943
Current liabilities	7,578,021	8,682,337	9,749,722
Total liabilities	**7,877,328**	**8,960,316**	**10,970,665**
Net current liabilities	**(3,552,921)**	**(5,694,428)**	**(6,418,364)**
Net liabilities	**(2,370,875)**	**(3,364,620)**	**(4,339,133)**
Share capital	547,375	547,375	547,375
Reserves	(3,122,285)	(4,083,790)	(5,309,217)
Total deficits	**(2,370,875)**	**(3,364,620)**	**(4,339,133)**

Current Assets and Current Liabilities

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

	As of December 31,			As of February 28,
	2023	2024	2025	2026
	(RMB in thousands)			(unaudited)
Inventories	270,492	361,596	570,533	651,608
Contract costs	1,688	177	7	—
Trade and bills receivables	250,751	343,699	474,796	475,905
Other receivables	111,043	209,776	371,033	388,357
Bills receivables at FVTOCI	4,319	20,165	6,195	8,300
Contract assets	248	738	433	480
Restricted bank deposits	238,832	471,991	670,816	676,355
Cash and cash equivalents	3,147,727	1,579,767	1,237,545	2,946,554
Total current assets	**4,025,100**	**2,987,909**	**3,331,358**	**5,147,559**
Trade and bills payables	224,969	456,132	1,050,048	974,842
Other payables and accruals	534,825	770,565	641,051	644,391
Contract liabilities	66,870	69,874	46,639	86,921
Current portion of deferred income	7,938	20,663	10,433	8,694
Current portion of provisions	3,116	3,174	3,232	3,291
Current portion of borrowings	8,165	115,540	242,779	179,922
Current portion of lease liabilities	44,331	62,421	42,034	21,954
Tax liabilities	6,549	5,023	866	866
Redemption liabilities	6,681,258	7,178,945	7,712,640	7,777,814
Total current liabilities	**7,578,021**	**8,682,337**	**9,749,722**	**9,698,695**
Net current liabilities	**3,552,921**	**5,694,428**	**6,418,364**	**4,551,136**

Our net current liabilities decreased from RMB6,418.4 million as of December 31, 2025 to RMB4,551.1 million as of February 28, 2026, primarily due to the increase of our total current assets, which was primarily attributable to (i) the increase in cash and cash equivalents of RMB1,709.0 million, (ii) the increase in our inventories of RMB81.1 million resulted from our strategic inventory storage, and (iii) the increase in our other receivables of RMB17.3 million, in line with our business growth.

Our net current liabilities increased from RMB5,694.4 million as of December 31, 2024 to RMB6,418.4 million as of December 31, 2025, primarily due to the increase of our total current liabilities, which was primarily attributable to (i) the increase in trade and bills payables of RMB593.9 million due to our enlarged procurement demand to support our production and business growth, and (ii) the increase of current borrowings of RMB127.2 million. This was partially offset by the increase of our total current assets, which was primarily attributable to (i) the increase of inventories of RMB208.9 million as a result of our strategic storage in anticipation of future orders, (ii) the increase of other receivables of RMB161.3 million and (iii) the increase of trade and bills receivables of RMB131.1 million, which was in line with our sales growth.

Our net current liabilities increased from RMB3,552.9 million as of December 31, 2023 to RMB5,694.4 million as of December 31, 2024, primarily due to the decrease of our total current assets, which was primarily attributable to the decrease in cash and cash equivalents of RMB1,568.0 million resulted from our operational capital consumption.

Assets

Property, Plant and Equipment

The following table sets forth the breakdown of our property, plant and equipment as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Buildings and ancillary facilities	308,756	937,194	878,009
Equipment	190,747	556,326	636,383
Construction in progress	458,988	329,780	577,990
Leasehold improvements	1,697	11,159	45,892
Other assets	5,467	9,832	14,488
Vehicles	2,480	3,394	9,034
Total	**968,135**	**1,847,685**	**2,161,796**

Our property, plant and equipment increased from RMB968.1 million as of December 31, 2023 to RMB1,847.7 million as of December 31, 2024, primarily due to the increase in our buildings and ancillary facilities and equipment, mainly as a result of the completion of construction of the new production facility. Our property, plant and equipment further increased further to RMB2,161.8 million as of December 31, 2025, primarily due to the increase in equipment and construction in progress, primarily because we began to construct our new Taizhou production base and R&D equipments in 2025.

Inventories

The following table sets forth the carrying amount of our inventories as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Finished goods	215,889	273,609	390,412
Work-in-progress	41,550	99,895	200,400
Raw materials	91,023	140,989	238,063
Less: provision for impairment	(77,970)	(152,897)	(258,342)
Total	**270,492**	**361,596**	**570,533**

Our inventories increased from RMB270.5 million as of December 31, 2023 to RMB361.6 million as of December 31, 2024, primarily because we strategically increased our storage in light of the significant sales and revenue growth to ensure stable delivery. Our inventories increased from RMB361.6 million as of December 31, 2024 to RMB570.5 million as of December 31, 2025, primarily due to our strategic storage of inventories in anticipation of further orders and delivery schedule, in line with our business expansion.

The following table sets forth the aging analysis of our inventory after deduction of write-downs as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Within one year	258,768	351,338	536,158
Over-one year	11,724	10,258	34,375
Total	**270,492**	**361,596**	**570,533**

We have implemented inventory management measures across the procurement, production, and fulfillment cycle. Procurement plans are established with reference to sales forecasts, confirmed customer orders, and supplier lead times, with reorder points set for key materials and safety stock levels assessed on a timely basis to maintain continuity of production. We source key raw materials from multiple suppliers where practicable to mitigate concentration risk. Incoming materials are subject to quality inspection upon receipt, and we conduct periodic physical inventory counts to reconcile stock positions against book records. Inventory ageing and turnover are reviewed on a regular basis, and items identified as slow-moving or otherwise impaired are written down to net realisable value.

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

	Year Ended December 31,		
	2023	2024	2025
Inventory turnover days[(1)]	339	314	205

Notes:

(1) Inventory turnover days for a year equals the average of the gross value of the opening and closing inventories balance divided by cost of sales for the relevant year and multiplied by 365 days for a fiscal year.

Our inventory turnover days were primarily affected by production cycles, customer delivery deadlines and other related factors that we take into consideration in ensuring timely supply during regular production processes. Our turnover days decreased from 339 days in 2023 to 314 days in 2024, and further to 205 days in 2025, primarily due to optimization of our operational efficiency with increased demand of our downstream customers.

As of February 28, 2026, RMB45.7 million, or 8.0% of our inventories as of December 31, 2025, has been subsequently utilized.

Trade and Bills Receivables

Trade and bills receivables are amounts due for goods sold in the ordinary course of business. Our trade and bills receivables increased from RMB250.8 million as of December 31, 2023 to RMB343.7 million as of December 31, 2024, and increased further to RMB474.8 million as of December 31, 2025, primarily due to the growth in our sales revenue.

The following table sets forth an aging analysis of our trade receivables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Within one year	192,054	227,871	298,239
One to two years	28,574	84,359	71,742
Two to three years	3,936	10,312	31,199
More than three years	1,459	656	6,399
Total	**226,023**	**323,198**	**407,579**

Our credit terms offered to customers typically range from two months to six months. In view of the aforementioned, there is no significant concentration of credit risks.

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

	Year Ended December 31,		
	2023	2024	2025
Trade receivable turnover days[(1)]	378	247	141

Notes:

(1) Trade receivable turnover days for a period equals the average of the gross value of the opening and closing trade receivable balance divided by revenue for the relevant period and multiplied by the number of days in the relevant period (i.e. 365 days for a fiscal year).

Our trade receivable turnover days decreased from 378 days in 2023 to 247 days in 2024, and further to 141 days in 2025, primarily due to (i) our enhanced collection efforts which accelerated the receipt of payments from our customers and (ii) the optimization of our customer base driven by the increase in the revenue from automotive OEMs who generally have better payment policies.

As of February 28, 2026, RMB60.8 million, or 10.5% of our trade receivable as of December 31, 2025, has been subsequently settled.

Other Receivables

Our other receivables increased from RMB111.0 million as of December 31, 2023 to RMB209.8 million as of December 31, 2024, and further increased to RMB371.0 million as of December 31, 2025, primarily due to a continued increase in VAT recoverable driven by increased procurement of equipment, materials and construction services, as well as an increase in advances to suppliers, as we scaled up our production capacity.

The following table sets forth the carrying amount of our other receivables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Value-Added Tax ("VAT") recoverable	55,922	127,505	268,087
Advances to suppliers	18,803	43,428	68,053
Deposits and guarantees	20,214	20,734	16,223
Other	17,769	21,426	22,485
Less: allowance for credit losses	(1,665)	(3,317)	(3,815)
Total	**111,043**	**209,776**	**371,033**

Liabilities

Trade and Bills Payables

Our trade and bills payables arise from ordinary course of business. We typically have credit terms within 60 days from our suppliers. Our trade and bills payables increased from RMB225.0 million as of December 31, 2023 to RMB456.1 million as of December 31, 2024, and further increased to

RMB1,050.0 million as of December 31, 2025, primarily due to the expansion of our development and production scale, which led to increased procurement of raw materials and related contract manufacturing services.

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

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Trade payables	130,571	277,832	574,607
Bills payables	94,398	178,300	475,441
Total	**224,969**	**456,132**	**1,050,048**

The following table sets forth an aging analysis of our trade payables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Within one year	116,910	256,555	533,639
Over one year	13,661	21,277	40,968
Total	**130,571**	**277,832**	**574,607**

The following table sets forth the turnover days of our trade payables for the periods indicated:

	Year Ended December 31,		
	2023	2024	2025
Trade payable turnover days[(1)]	145	149	130

Notes:

(1) Trade payable turnover days for a period equals the average of the gross value of the opening and closing trade payable balance divided by cost of sales for the relevant period and multiplied by the number of days in the relevant period (i.e. 365 days for a fiscal year).

Our trade payable turnover days remained relatively stable at 145 days and 149 days in 2023 and 2024, respectively, before decreasing to 130 days in 2025. The decrease in 2025 was primarily because we prioritized timely settlement of amounts due to key suppliers as part of our broader efforts to secure supply chain stability and ensure uninterrupted access to critical raw materials.

As of February 28, 2026, RMB102.2 million, or 17.8% of our trade payables as of December 31, 2025, has been subsequently settled.

Other Payables and Accruals

As of December 31, 2023, 2024 and 2025, all other payables and accruals were non-interest bearing, unsecured and repayable on demand.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Payables for purchase of property, plant and equipment	488,597	700,455	527,126
Payroll and welfare payables	31,951	49,546	86,053
Other taxes payables	10,121	16,435	20,419
Accrued expenses and payables	1,748	2,361	2,135
Others	2,408	1,768	5,318
Total	**534,825**	**770,565**	**641,051**

Our other payables and accruals increased from RMB534.8 million as of December 31, 2023 to RMB770.6 million as of December 31, 2024, primarily due to changes in payables for purchase of property, plant and equipment, reflecting the timing of payments for our ongoing capital expenditures. Our other payables and accruals decreased to RMB641.1 million as of December 31, 2025, primarily due to settlement of payables for purchase of property, plant and equipment, partially offset by an increase in payroll and welfare payables in line with our business expansion.

Contract Liabilities

Our contract liabilities primarily arise from sales of goods. Our contract liabilities increased from RMB66.9 million as of December 31, 2023 to RMB69.9 million as of December 31, 2024, primarily due to advanced payments collected from customers. Our contract liabilities subsequently decreased to RMB46.6 million as of December 31, 2025, primarily we have performed relevant contractual obligations.

LIQUIDITY AND CAPITAL RESOURCES

The following table presents our consolidated cash flow data for the years indicated.

	Year Ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Net cash used in operating activities	(542,307)	(466,367)	(529,866)
Net cash used in investing activities	(248,613)	(1,104,673)	(800,555)
Net cash generated from financing activities	3,041,664	3,080	988,199
Net increase/(decrease) in cash and cash equivalents	**2,250,744**	**(1,567,960)**	**(342,222)**
Cash and cash equivalents at beginning of the year	896,983	3,147,727	1,579,767
Cash and cash equivalents at end of the year	**3,147,727**	**1,579,767**	**1,237,545**

During the Track Record Period and as of the Latest Practicable Date, our principal sources of liquidity have been cash generated from Pre-[REDACTED] investments, and borrowings from banks.

Net Cash Used in Operating Activities

In 2025, our net cash used in operating activities was RMB529.9 million, which was primarily attributable to loss before tax of RMB1,299.9 million, mainly adjusted by (i) finance cost of RMB542.5 million, (ii) depreciation of property, plant and equipment, intangible assets and right-of-use assets of RMB137.3 million, and (iii) provision for inventories of RMB105.4 million. The amount was further adjusted by movements in working capital, primarily including (i) increase in trade, bills and other receivables of RMB373.3 million, and (ii) increase in inventories of RMB314.4 million.

In 2024, our net cash used in operating activities was RMB466.4 million, which was primarily attributable to loss before tax of RMB993.8 million, mainly adjusted by (i) finance cost of RMB502.3 million, and (ii) depreciation of property, plant and equipment, intangible assets and right-of-use assets of RMB78.1 million. The amount was further adjusted by movements in working capital, primarily including (i) increase in trade, bills and other receivables of RMB222.8 million, and (ii) increase in inventories of RMB166.0 million.

In 2023, our net cash used in operating activities was RMB542.3 million, which was primarily attributable to loss before tax of RMB846.1 million, mainly adjusted by (i) finance cost of RMB573.3 million, (ii) provision for inventories of RMB21.6 million, and (iii) impairment loss on financial assets of RMB23.1 million. The amount was further adjusted by movements in working capital, primarily including (i) increase in trade, bills and other receivables of RMB263.8 million, and (ii) increase in inventories of RMB91.9 million.

Net Cash Used in Investing Activities

In 2025, our net cash used in investing activities was RMB800.6 million, primarily attributable to (i) placement of time deposits and structured deposits of RMB3,420.0 million, (ii) purchase of and prepayments for acquisition of property, plant and equipment, intangible assets and right-of-use assets of RMB831.9 million and placement of restricted bank deposits of RMB595.6 million; partially offset by withdrawal of time deposits and structured deposits of RMB3,424.8 million.

In 2024, our net cash used in investing activities was RMB1,104.7 million, primarily attributable to (i) placement of time deposits and structured deposits of RMB10,800.0 million, and (ii) purchase of and prepayments for acquisition of property, plant and equipment, intangible assets and right-of-use assets of RMB826.5 million; partially offset by withdrawal of time deposits and structured deposits of RMB10,821.8 million.

In 2023, our net cash used in investing activities was RMB248.6 million, primarily attributable to (i) placement of time deposits and structured deposits of RMB4,460.0 million, and (ii) purchase of and prepayments for acquisition of property, plant and equipment, intangible assets and right-of-use assets of RMB577.5 million; partially offset by (i) withdrawal of time deposits and structured deposits of RMB4,508.2 million, and (ii) withdrawal of restricted bank deposits of RMB264.4 million.

Net Cash Generated from Financing Activities

In 2025, our net cash generated from financing activities was RMB988.2 million, primarily attributable (i) new bank borrowings raised of RMB721.0 million, and (ii) capital contributions received from the minority shareholder of the subsidiary of RMB327.8 million; partially offset by (i) repayments of lease liabilities of RMB64.4 million, and (ii) repayments of bank borrowings of RMB29.4 million.

In 2024, our net cash generated from financing activities was RMB3.1 million, primarily attributable to (i) repayments of bank borrowings of RMB12.0 million, (ii) repayment of lease liabilities of RMB7.6 million, and (iii) interest paid of RMB5.8 million; partially offset by new bank borrowings of RMB19.0 million.

In 2023, our net cash generated from financing activities was RMB3,041.7 million, primarily attributable to (i) cash received from capital contributions of RMB2,700.0 million, (ii) cash received by subsidiaries from minority shareholder's capital contribution of RMB207.8 million and (iii) new bank borrowings raised of RMB148.0 million.

WORKING CAPITAL

Taking into account the financial resources available to us, including anticipated cash flow from our operating activities, existing cash and cash equivalents, available bank facilities and the estimated net [REDACTED] from the [REDACTED], our Directors believe that we have sufficient working capital for our present requirements and for the next 12 months from the date of this Document.

We intend to finance our future working capital requirements and capital expenditures primarily from cash expected to be generated from operating activities, bank facilities and funds raised from financing activities, including the net [REDACTED] we will receive from the [REDACTED].

INDEBTEDNESS

The following table sets forth a breakdown of our indebtedness as of the dates indicated.

	As of December 31,			As of February 28,
	2023	2024	2025	2026
	(RMB in thousands)			(unaudited)
Current				
Borrowing	8,165	115,540	242,779	179,922
Lease liabilities	44,331	62,421	42,034	21,954
Redemption liabilities	6,681,258	7,178,945	7,712,640	7,777,814
Non-Current				
Borrowing	140,000	40,000	604,001	1,328,894
Lease liabilities	73,038	51,054	183,837	164,561
Total	**6,946,792**	**7,447,960**	**8,785,291**	**9,473,145**

Borrowing

Our borrowings amounted to RMB148.2 million, RMB155.5 million, RMB846.8 million and RMB1,508.8 million as of December 31, 2023, 2024 and 2025 and February 28, 2026, respectively. For the interest rate profile of our interest-bearing bank borrowings during the Track Record Period, see Note 30 to the Accountants' Report in Appendix I to this Document. As of December 31, 2023, 2024 and 2025 and February 28, 2026, nil, RMB10.5 million, RMB715.8 million and RMB1,369.8 million of our borrowings were secured by property, plant and equipment, right-of-use asset, bill receivables and restricted bank deposits. We had unsecured borrowings of RMB148.2 million, RMB145.0 million, RMB131.0 million and RMB139.0 million as of December 31, 2023, 2024 and 2025 and February 28, 2026, respectively. As of February 28, 2026, we had unutilized bank facilities of RMB3,488.7 million.

Lease liabilities

Lease liabilities represent the present value of outstanding lease payments under our lease agreements. We recorded non-current lease liabilities of RMB73.0 million, RMB51.1 million, RMB183.8 million and RMB164.6 million, respectively, as of December 31, 2023, 2024 and 2025, and February 28, 2026. We recorded current lease liabilities of RMB44.3 million, RMB62.4 million, RMB42.0 million and RMB22.0 million, respectively, as of December 31, 2023, 2024 and 2025 and February 28, 2026.

Redemption Liabilities

We recorded redemption liabilities of RMB6,681.3 million, RMB7,178.9 million, RMB7,712.6 million and RMB7,777.8 million as of December 31, 2023, 2024 and 2025 and February 28, 2026, respectively, in relation to the redemption rights of our certain Pre-[REDACTED] investors. For details, see Note 32 of the Accountants' Report in Appendix I to this Document. For details of our financing activities giving rise to such redemption liabilities, see "History, Development and Corporate Structure."

Except as discussed above, we had no outstanding indebtedness or any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance lease or hire purchase commitments, guarantees or other contingent liabilities or any covenant in connection therewith as of February 28, 2026 being our indebtedness statement date. After due and careful consideration, our Directors confirm that there had been no material change in our indebtedness since February 28, 2026 and up to the Latest Practicable Date.

CAPITAL EXPENDITURES

Our capital expenditures were purchase and prepayment for acquisition of property, plant and equipment, intangible assets and right-of-use assets, amounting to RMB577.5 million, RMB826.5 million and RMB831.9 million, respectively, in 2023, 2024 and 2025, respectively. We intend to fund our future capital expenditures with financial resources available to us, including our existing cash balance, cash generated from our operation activities, our available banking facilities and [REDACTED] from the [REDACTED]. We will continue to make capital expenditures to meet the expected growth of our business. See "Future Plans and Use of [REDACTED] — Use of [REDACTED]."

CONTRACTUAL OBLIGATIONS

Capital Expenditure Related Commitments

Our capital commitments are related to capital expenditure on construction of plant and buildings and acquisition of machinery and equipment to be incurred but not yet recorded as liabilities. Our capital expenditure contracted for but not yet incurred as of December 31, 2023, 2024 and 2025 was RMB60.6 million, RMB135.7 million and RMB310.6 million, respectively. We expect to satisfy our capital commitments using cash from operations, net [REDACTED] to be received from the [REDACTED] and bank borrowings available to us.

OFF-BALANCE SHEET ARRANGEMENTS

As of the Latest Practicable Date, we did not have any material off-balance sheet commitments or arrangements.

CONTINGENT LIABILITIES

As of December 31, 2023, 2024 and 2025, we did not have any contingent liabilities. Our Directors confirm that there has been no material change in our contingent liabilities as of the Latest Practicable Date.

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. Our Directors are of the view that each of the related party transactions was conducted in the ordinary course of business on an arm's-length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our track record results or cause our historical results to become non-reflective of our future performance. For details, see Note 42 to the Accountants' Report in Appendix I to this Document.

KEY FINANCIAL RATIOS

The following table sets forth some of our key financial ratios as of the dates indicated.

	As of December 31,		
	2023	2024	2025
Current ratio[(1)]	4.5	2.0	1.6
Gearing ratio[(2)]	0.1	0.1	0.3

Notes:

(1) Current ratio is calculated as total current assets at the end of the year divided by total current liabilities, excluding redemption liabilities.

(2) Gearing ratio is calculated based on total debt, including interest-bearing borrowings and lease liabilities, divided by total equity plus redemption liabilities, as of the date indicated.

Current Ratio

Our current ratio decreased from 4.5 as of December 31, 2023 to 2.0 as of December 31, 2024 and further to 1.6 as of December 31, 2025, primarily due to (i) decrease in cash and cash equivalents of resulting from our operational capital consumption, (ii) increases in trade and bills payables due to increased procurement activities in line with our business expansion, (iii) the increases in other payables and accruals due to accrued expenses and payables incurred in connection with our expanded business operations, and (iv) the increase in current portion of borrowings.

Gearing Ratio

Our gearing ratio remained low and stable at 0.1 as of December 31, 2023 and 2024, before increasing to 0.3 as of December 31, 2025. The increase in 2025 was primarily attributable to additional bank borrowings raised to support our production capacity expansion.

For a more comprehensive discussion of the factors affecting our key financial ratios during the Track Record Period, see "— Discussion of Results of Operations."

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Our activities expose us to a variety of financial risks, primarily the interest risk, credit risk, liquidity risk, equity price risk and foreign currency risk. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance. For a detailed discussion on our market risk, see Note 38 to the Accountants' Report in Appendix I to this Document.

DIVIDEND

During the Track Record Period, no dividends have been declared and paid by us.

We may declare and pay dividends that we consider appropriate. The dividends will be primarily in the form of cash or shares. Decisions to declare or to pay any dividends in the future, will depend on, among other things, our profitability, operation and development plans, external financing environment, costs of capital, our cash flows and other factors that our Directors may consider relevant. Future dividend payments will also depend upon the availability of dividends received from our subsidiaries. PRC laws require that dividends be paid only out of our after-tax profits, less appropriations to statutory and other reserves that we are required to make. As advised by our PRC Legal Adviser, we shall not pay dividends to our Shareholders until we have made up for accumulated losses. Distributions from the Company and our subsidiaries may also be restricted if they incur debt or losses, or in accordance with any restrictive covenants in bank credit facilities or other agreements that we or our subsidiaries may enter into in the future. Our Directors has the discretion to recommend any dividend. We currently do not have any pre-determined dividend payout ratio or formal dividend policy.

[REDACTED] EXPENSES

Based on the mid-point [REDACTED] of HK$[REDACTED] (being the mid-point of our [REDACTED] of HK$[REDACTED] to HK$[REDACTED] per [REDACTED]), the total [REDACTED] expenses (including [REDACTED]) payable by our Company are estimated to be approximately HK$[REDACTED] (equivalent to approximately RMB[REDACTED]), assuming the [REDACTED] is not exercised. These [REDACTED] expenses mainly comprise professional fees paid and payable to the professional parties, and [REDACTED] payable to the [REDACTED], for their services rendered in relation to the [REDACTED] and the [REDACTED].

As of December 31, 2025, we have incurred RMB[REDACTED] of [REDACTED] expenses for the [REDACTED], of which RMB[REDACTED] was charged to our consolidated statements of profit or loss. We estimate that an additional [REDACTED] expenses of RMB[REDACTED] (including [REDACTED] of RMB[REDACTED], assuming the [REDACTED] is not exercised and based on an [REDACTED] of HK$[REDACTED] per [REDACTED]), accounting for [REDACTED]% of our gross [REDACTED], will be further incurred by our Group, of which RMB[REDACTED] is expected to be charged to our consolidated statements of profit or loss and RMB[REDACTED] is expected to be charged against equity upon the [REDACTED].

UNAUDITED [REDACTED] ADJUSTED NET TANGIBLE ASSETS

[REDACTED]

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, as of the date of the Document, save as disclosed in subsequent event relating to redemption liabilities, there has been no material adverse change in our financial or trading position, indebtedness, mortgage, contingent liabilities, guarantees or prospects since December 31, 2025, the end of the period reported on the Accountants' Report included in Appendix I to this Document; and there has been no event since December 31, 2025 which would materially affect the information presented in the Accountants' Report set out in Appendix I to this Document.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Pursuant to Rule 13.18 of the Listing Rules, a general disclosure obligation will arise where an issuer or any of its subsidiaries enters into a loan agreement that includes a condition imposing specific performance obligations on any controlling shareholders, such as a requirement to maintain a specified minimum holding in the share capital of the issuer.

Certain of our banking facilities include conditions that, among others, require our Controlling Shareholders to maintain their control of our Group, which will constitute a specific performance by our Controlling Shareholders under a loan agreement entered into by our Group under Rule 13.18 of the Listing Rules.

Our Directors confirm that, save as disclosed above, as of the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rules13.13 to 13.19 of the Listing Rules.

FUTURE PLANS AND USE OF [REDACTED]

FUTURE PLANS

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$[REDACTED] (after deducting the [REDACTED] and other estimated expenses payable by us in connection with the [REDACTED]), assuming an [REDACTED] of HK$[REDACTED] per H Share, being the mid-point of the [REDACTED] stated in this Document, and assuming the [REDACTED] is not exercised.

In line with our strategies, we intend to use the net [REDACTED] for the following purposes:

- Approximately [REDACTED]% of the net [REDACTED], or HK$[REDACTED], will be used to construct new production facilities and/or acquire equipments to expand our production capacity for solid-liquid hybrid and all-solid-state batteries.

  We plan to expand production capacity across strategically selected bases in the PRC, taking into account regional geographic advantages, industrial layout, resource availability and proximity to downstream customers. In the Yangtze River Delta, where a concentration of automotive OEMs is located, we plan to add capacity to capture growing EV demand.

  Specifically, the net [REDACTED] will be used primarily for (i) the construction of production lines and supporting infrastructure, along with mechanical and electrical installation, (ii) the purchase and installation of automated logistics and warehousing equipment, (iii) manufacturing information system deployment and (iv) trial production and initial ramp-up.

  Upon completion of our planned production base expansion, our overall production capacity is expected to reach [98.2] GWh by 2030. We expect to commence the expansion of capacity at these production bases in the second half of 2026, with construction, equipment installation, commissioning and ramp-up expected to be completed and put into operation in phases between 2026 and 2028.

- Approximately [REDACTED]% of the net [REDACTED], or HK$[REDACTED], will be used for R&D activities to enhance the performance of our solid-state battery products and refine our manufacturing processes, with the aim of translating our technology capabilities into commercially viable products across EV, ESS and emerging sector applications. These investments will be directed towards: (i) expanding our R&D team; (ii) acquiring R&D equipment, including materials synthesis equipment, characterization instruments, computing hardware, simulation software, safety testing equipment and energy storage testing platforms; (iii) procuring materials and consumables for verification experiments, including cathode and anode materials, separators, solvents and thermal management materials; and (iv) other R&D purposes, including testing and certification, technical cooperation with academic and industry partners, and IP application and protection. We expect these investments to improve the efficiency and precision of our battery development process, strengthen battery management and lifecycle monitoring, and enhance safety, durability and commercialization efficiency. For more information about these capabilities, see "Business — Key Technologies."

- Approximately [REDACTED]% of the net [REDACTED], or HK$[REDACTED] will be used for working capital and general corporate purposes.

FUTURE PLANS AND USE OF [REDACTED]

In the event that the [REDACTED] is set at the maximum [REDACTED] or the minimum [REDACTED] of the indicative [REDACTED], the net [REDACTED] of the [REDACTED] will increase or decrease by approximately HK$[REDACTED] and HK$[REDACTED], respectively. If we make an upward or downward [REDACTED] adjustment to set the final [REDACTED] to be above or below the mid-point of the [REDACTED], we will increase or decrease the allocation of the net [REDACTED] to the above purposes on a pro rata basis.

The additional net [REDACTED] that we would receive if the [REDACTED] was exercised in full would be (i) HK$[REDACTED] (assuming an [REDACTED] of HK$[REDACTED] per H Share, being the maximum [REDACTED] of the indicative [REDACTED]), (ii) HK$[REDACTED] (assuming an [REDACTED] of HK$[REDACTED] per H Share, being the mid-point of the indicative [REDACTED]) and (iii) HK$[REDACTED] (assuming an [REDACTED] of HK$[REDACTED] per H Share, being the minimum [REDACTED] of the indicative [REDACTED]). We intend to apply the additional net [REDACTED] to the above uses on a pro rata basis.

To the extent that the net [REDACTED] of the [REDACTED] are not immediately used for the above purposes or if we are unable to effect any part of our future development plans as intended, we may hold such funds 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). In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

STRUCTURE AND CONDITIONS OF THE [REDACTED]

[REDACTED]

STRUCTURE AND CONDITIONS OF THE [REDACTED]

[REDACTED]

STRUCTURE AND CONDITIONS OF THE [REDACTED]

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[REDACTED]

STRUCTURE AND CONDITIONS OF THE [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

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[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]

The following is the text of a report set out on pages I-1 to I-107, received from the Company's reporting accountants, [Deloitte Touche Tohmatsu], Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

[To insert the letterhead of the firm]

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF QINGTAO (KUNSHAN) ENERGY DEVELOPMENT GROUP CO., LTD., GUOTAI JUNAN CAPITAL LIMITED, CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED AND CHINA MERCHANTS SECURITIES (HK) CO., LIMITED

Introduction

We report on the historical financial information of Qingtao (Kunshan) Energy Development Group Co., Ltd.* (清陶(昆山)能源發展集團股份有限公司) (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages I-3 to I-84, which comprises the consolidated statements of financial position of the Group as at December 31, 2023, 2024 and 2025, the statements of financial position of the Company as at December 31, 2023, 2024 and 2025, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the three years ended December 31, 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-3 to I-84 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 [REDACTED] of H shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "**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.

* *English name is for identification purpose only.*

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 consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 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 of the Company, 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 Group's and the Company's financial position as at December 31, 2023, 2024 and 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.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

Dividends

We refer to Note 12 to the Historical Financial Information which states that no dividend was declared or paid by the Company in respect of the Track Record Period.

[Deloitte Touche Tohmatsu]
Certified Public Accountants
Hong Kong
[REDACTED]

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, have been prepared in accordance with the accounting policies which conform with IFRS Accounting Standards issued by International Accounting Standards Board (the "**IASB**") and were audited by us in accordance with Hong Kong Standards on Auditing issued by the 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.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended December 31,		
		2023	2024	2025
	Notes	RMB'000	RMB'000	RMB'000
Revenue	*6*	248,233	405,346	942,997
Cost of sales		(307,231)	(501,673)	(1,193,250)
Gross loss		(58,998)	(96,327)	(250,253)
Other income	*7a*	60,472	66,455	153,671
Other gains and losses, net	*7b*	14,684	26,646	(17,152)
Selling and marketing expenses		(22,338)	(22,015)	(25,411)
General and administrative expenses		(96,120)	(146,020)	(196,615)
[REDACTED] expenses		[REDACTED]	[REDACTED]	[REDACTED]
Research and development expenses	*9*	(142,012)	(295,598)	(376,944)
Impairment losses (including reversals of impairment losses or impairment gains) on financial assets and other items	*9*	(23,120)	(22,037)	(38,868)
Share of results of associates		(5,291)	(2,600)	(2,898)
Finance costs	*8*	(573,344)	(502,313)	(542,450)
Loss before tax	*9*	(846,067)	(993,809)	(1,299,881)
Income tax expense	*10*	(6,977)	(5,308)	(2,468)
Loss and total comprehensive expense for the year		(853,044)	(999,117)	(1,302,349)
Loss and total comprehensive expense for the year attributable to:				
Owners of the Company		(825,159)	(966,877)	(1,225,427)
Non-controlling interests		(27,885)	(32,240)	(76,922)
		(853,044)	(999,117)	(1,302,349)
Loss per share	*13*			
— Basic (RMB)		(4.36)	(5.10)	(5.64)
— Diluted (RMB)		(4.36)	(5.10)	(5.64)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at December 31,		
		2023	2024	2025
	Notes	RMB'000	RMB'000	RMB'000
Non-current assets				
Property, plant and equipment	*14*	968,135	1,847,685	2,161,796
Right-of-use assets	*15*	364,319	504,283	637,280
Intangible assets	*17*	1,149	783	4,951
Investments in associates	*18*	33,492	40,694	47,796
Equity instruments at fair value through other comprehensive income ("**FVTOCI**")	*19*	745	200,745	201,000
Contract assets	*20*	4,758	8,381	55,405
Prepayments for acquisition of property, plant and equipment		108,755	5,216	191,946
		1,481,353	2,607,787	3,300,174
Current assets				
Inventories	*22*	270,492	361,596	570,533
Contract costs	*23*	1,688	177	7
Trade and bills receivables	*24*	250,751	343,699	474,796
Other receivables	*24*	111,043	209,776	371,033
Bills receivables at FVTOCI	*25*	4,319	20,165	6,195
Contract assets	*20*	248	738	433
Restricted bank deposits	*27*	238,832	471,991	670,816
Cash and cash equivalents	*27*	3,147,727	1,579,767	1,237,545
		4,025,100	2,987,909	3,331,358
Current liabilities				
Trade and bills payables	*28*	224,969	456,132	1,050,048
Other payables and accruals	*28*	534,825	770,565	641,051
Contract liabilities	*29*	66,870	69,874	46,639
Current portion of deferred income	*34*	7,938	20,663	10,433
Current portion of provisions	*33*	3,116	3,174	3,232
Current portion of borrowings	*30*	8,165	115,540	242,779
Current portion of lease liabilities	*31*	44,331	62,421	42,034
Tax liabilities		6,549	5,023	866
Redemption liabilities	*32*	6,681,258	7,178,945	7,712,640
		7,578,021	8,682,337	9,749,722
Net current liabilities		(3,552,921)	(5,694,428)	(6,418,364)
Total assets less current liabilities		(2,071,568)	(3,086,641)	(3,118,190)

		As at December 31,		
		2023	2024	2025
	Notes	RMB'000	RMB'000	RMB'000
Non-current liabilities				
Borrowings	*30*	140,000	40,000	604,001
Lease liabilities	*31*	73,038	51,054	183,837
Provisions	*33*	10,476	18,356	47,864
Deferred income	*34*	75,793	168,569	385,241
		299,307	277,979	1,220,943
Net liabilities		(2,370,875)	(3,364,620)	(4,339,133)
Capital and reserves				
Share capital	*35*	547,375	547,375	547,375
Reserves		(3,122,285)	(4,083,790)	(5,309,217)
Equity attributable to owners of the Company		(2,574,910)	(3,536,415)	(4,761,842)
Non-controlling interests		204,035	171,795	422,709
Total deficits		(2,370,875)	(3,364,620)	(4,339,133)

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at December 31,		
		2023	2024	2025
	Notes	RMB'000	RMB'000	RMB'000
Non-current assets				
Property, plant and equipment	*14*	45,249	41,285	127,916
Intangible assets	*17*	—	—	3,334
Investments in associates	*18*	33,294	40,694	47,796
Investments in subsidiaries	*44*	1,936,766	3,000,458	3,288,258
Equity instruments at FVTOCI	*19*	—	200,000	200,000
Contract assets	*20*	—	—	2,281
Prepayments for acquisition of property, plant and equipment		128	189	5,790
		2,015,437	3,282,626	3,675,375
Current assets				
Inventories	*22*	87	86,092	16,227
Trade receivables	*24*	8,654	10,849	54,747
Other receivables	*24*	838,950	722,715	1,285,128
Restricted bank deposits	*27*	2,134	5,086	36,075
Cash and cash equivalents	*27*	2,401,198	1,034,410	98,937
		3,251,023	1,859,152	1,491,114
Current liabilities				
Trade and bills payables	*28*	10,054	128,834	145,944
Other payables and accruals	*28*	268,815	11,227	66,101
Contract liabilities	*29*	670	28,311	728
Current portion of deferred income	*34*	6,933	6,372	6,372
Tax liabilities		—	—	50
Redemption liabilities	*32*	6,681,258	7,178,945	7,712,640
		6,967,730	7,353,689	7,931,835
Net current liabilities		(3,716,707)	(5,494,537)	(6,440,721)
Total assets less current liabilities		(1,701,270)	(2,211,911)	(2,765,346)
Non-current liabilities				
Provisions	*33*	—	—	2,947
Deferred income	*34*	41,652	35,155	143,458
		41,652	35,155	146,405
Net liabilities		(1,742,922)	(2,247,066)	(2,911,751)
Capital and reserves				
Share capital	*35*	547,375	547,375	547,375
Reserves	*45*	(2,290,297)	(2,794,441)	(3,459,126)
Total deficits		(1,742,922)	(2,247,066)	(2,911,751)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company								
	Share capital	Share premium	Share-based payments reserve	Other reserves	Safety fund surplus reserve	Accumulated losses	Sub-total	Non-controlling Interests	Total
	RMB'000 *(Note 35)*	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2023	484,000	1,791,583	15,443	(2,706,658)	1,823	(1,341,150)	(1,754,959)	24,120	(1,730,839)
Loss and total comprehensive expense for the year	—	—	—	—	—	(825,159)	(825,159)	(27,885)	(853,044)
Issue of Series G+ capitals *(Note 33)*	63,375	2,636,625	—	—	—	—	2,700,000	—	2,700,000
Recognition of equity-settled share-based payments *(Note 36)*	—	—	5,208	—	—	—	5,208	—	5,208
Recognition of redemption liabilities *(Note 30)*	—	—	—	(2,700,000)	—	—	(2,700,000)	—	(2,700,000)
Capital contribution from non-controlling interests	—	—	—	—	—	—	—	207,800	207,800
Provision of safety fund surplus reserve	—	—	—	—	5,986	(5,986)	—	—	—
Utilization of safety fund surplus reserve	—	—	—	—	(74)	74	—	—	—
As at December 31, 2023	547,375	4,428,208	20,651	(5,406,658)	7,735	(2,172,221)	(2,574,910)	204,035	(2,370,875)
Recognition of equity-settled share-based payments *(Note 36)*	—	—	5,372	—	—	—	5,372	—	5,372
Loss and total comprehensive expense for the year	—	—	—	—	—	(966,877)	(966,877)	(32,240)	(999,117)
Provision of safety fund surplus reserve	—	—	—	—	5,940	(5,940)	—	—	—
Utilization of safety fund surplus reserve	—	—	—	—	(980)	980	—	—	—
As at December 31, 2024	547,375	4,428,208	26,023	(5,406,658)	12,695	(3,144,058)	(3,536,415)	171,795	(3,364,620)
Loss and total comprehensive expense for the year	—	—	—	—	—	(1,225,427)	(1,225,427)	(76,922)	(1,302,349)
Capital contribution from non-controlling interests	—	—	—	—	—	—	—	327,836	327,836
Provision of safety fund surplus reserve	—	—	—	—	6,215	(6,215)	—	—	—
Utilization of safety fund surplus reserve	—	—	—	—	(465)	465	—	—	—
As at December 31, 2025	547,375	4,428,208	26,023	(5,406,658)	18,445	(4,375,235)	(4,761,842)	422,709	(4,339,133)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Operating activities			
Loss before tax	(846,067)	(993,809)	(1,299,881)
Adjustments for:			
Finance costs	573,344	502,313	542,450
Bank interest income	(25,420)	(25,492)	(9,488)
Depreciation of property, plant and equipment	47,081	78,052	137,290
Depreciation of right-of-use assets	16,506	23,809	36,854
Amortization of intangible assets	677	506	571
Impairment loss (including reversals of impairment losses or impairment gains) on financial assets and other items	23,120	22,037	38,868
Impairment loss on property, plant and equipment	3,716	70	314
Loss on disposal of property, plant and equipment and right-of-use assets, net	827	329	21,747
Share-based payment expenses	5,208	5,372	—
Investment income from time deposits	(3,239)	(4,724)	(235)
Gain on fair value changes of structured deposits	(16,239)	(21,755)	(4,769)
Share of results of associates	5,291	2,600	2,898
Gain on disposal of associates	—	(6,662)	—
Provision for inventories	21,597	74,927	105,445
Income from government grants	(6,898)	(7,538)	(8,765)
Net foreign exchange (gain) loss	(1)	(31)	10
Operating cash flows before movements in working capital	(200,497)	(349,996)	(436,691)
Increase in inventories	(91,903)	(166,031)	(314,382)
Increase in trade, bills and other receivables	(263,821)	(222,804)	(373,285)
Decrease (increase) in contract assets	6,371	(4,446)	(51,301)
(Increase) decrease in contract costs	(1,671)	1,511	170
(Increase) decrease in bills receivables at FVTOCI	(2,747)	(15,846)	13,970
Increase in trade, bills and other payables	46,786	295,573	680,876
(Increase) decrease in contract liabilities	(29,278)	3,004	(23,235)
Increase in deferred income	(3,638)	(498)	(19,363)
Cash used in operations	(540,398)	(459,533)	(523,241)
Income taxes paid	(1,909)	(6,834)	(6,625)
Net cash used in operating activities	(542,307)	(466,367)	(529,866)

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Investing activities			
Acquisition of investment in associates	(30,500)	(10,000)	(10,000)
Purchase of investments in FVTOCI	—	(200,000)	—
Proceeds from disposal of investments in associates	—	6,860	—
Proceeds from disposal of investments in FVTOCI	—	500	—
Payments of rental deposits	(2,062)	(726)	(469)
Receipts of rental deposits	651	79	229
Proceeds from disposal of property, plant and equipment	223	260	97
Withdrawal of time deposits and structured deposits	4,508,239	10,821,755	3,424,769
Interest income received from time deposits	3,239	4,724	235
Placement of time deposits and structured deposits	(4,460,000)	(10,800,000)	(3,420,000)
Purchase of and prepayments for acquisition of property, plant and equipment, intangible assets and right-of-use assets	(577,462)	(826,457)	(831,884)
Withdrawal of restricted bank deposits	264,378	40,457	396,769
Placement of restricted bank deposits	(11,405)	(273,616)	(595,594)
Bank interest received	25,420	25,492	9,488
Cash received for asset related government grants	30,666	105,999	225,805
Net cash used in investing activities	(248,613)	(1,104,673)	(800,555)
Financing activities			
Cash received from capital contributions	2,700,000	—	—
Capital contributions received from the minority shareholder of the subsidiary	207,800	—	327,836
New bank borrowings raised	148,000	19,000	720,956
Repayments of bank borrowings	(8,000)	(12,000)	(29,378)
Proceeds from the discount of bills receivables	5,733	9,419	46,889
Repayments of lease liabilities	(7,434)	(7,574)	(64,418)
Interest paid	(4,435)	(5,765)	(13,686)
Net cash from financing activities	3,041,664	3,080	988,199
Net increase (decrease) in cash and cash equivalents	2,250,744	(1,567,960)	(342,222)
Cash and cash equivalents at beginning of the year	896,983	3,147,727	1,579,767
Cash and cash equivalents at end of the year	3,147,727	1,579,767	1,237,545

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was established as a company with limited liability in People's Republic of China (the "**PRC**") on June 13, 2016. In January 2021, the Company was converted into a joint stock company with limited liability under the Company Laws of the PRC. The Company is previously known as Qingtao (Kunshan) Energy Development Co., Ltd.* (清陶(昆山)能源發展股份有限公司) from January 2021 to March 2024 and Qingtao (Kunshan) Energy Development Co., Ltd.* (清陶(昆山)能源發展有限公司) prior to January 2021. The addresses of the registered office and principal place of business of the Company are disclosed in the section "Corporate Information" of the Document.

Throughout the Track Record Period, the Group is principally engaged in developing, manufacturing and selling of solid-liquid hybrid and all solid-state batteries for electric vehicle ("**EV**") and energy storage system ("**ESS**") applications.

The functional currency of the Company and its subsidiaries is RMB, which is the same as the presentation currency of the Historical Financial Information.

2. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared based on the accounting policies which conform with IFRS Accounting Standards issued by the IASB. The Historical Financial Information has been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period as explained in the accounting policies set out below.

The statutory financial statements of the Company for the years ended December 31, 2023 and 2024 were prepared in accordance with the Chinese Accounting Standards for Business Enterprises ("**CASBE**") issued by the Ministry of Finance of the PRC and were audited by RSM China CPA LLP* (容誠會計師事務所(特殊普通合夥)), certified public accountants registered in the PRC. As at the date of this report, the statutory financial statements of the Company for the year ended December 31, 2025 have not been issued.

Going concern assessment

The Group recorded net current liabilities of RMB6,418,364,000 as at December 31, 2025, primarily due to the redemption liabilities of RMB7,712,640,000 arising from the equity financing with redemption feature from ordinary shares with preferential rights investors as disclosed in Note 32 to the Historical Financial Information. Pursuant to a supplemental agreement of the shareholders agreement (the "**Supplemental Agreement**") entered into by the Company with, among others, the then shareholders of the Company in March 2026, the redemption rights have ceased to be effective from the date on which the first submission of [REDACTED] for an [REDACTED] of shares of the Company on the Main Board of the Stock Exchange (the "**[REDACTED]**") and shall be automatically resumed upon the occurrence of the earliest of the following events: (i) the Company fails to refile the [REDACTED] of [REDACTED] within 12 months from the date of occurrence of any of the following events: the Company withdraws its [REDACTED] for [REDACTED], or the [REDACTED] submitted to the Stock Exchange expires (lapses) or being rejected; (ii) the Company failing to complete the [REDACTED] by June 30, 2028; or (iii) following the date on which the Company's [REDACTED] of [REDACTED] has been granted approval, become effective, or passed the hearing, the Company fails to complete the [REDACTED] and [REDACTED] on the Stock Exchange for any reason whatsoever within 12 months.

All the special rights granted to the ordinary shares with preferential rights investors shall be automatically terminated upon the completion of the [REDACTED]. The directors of the Company, has taken into the account of their plan and progress of the [REDACTED] and the likelihood of the occurrence of these events, are of the opinion that the Company does not expect to settle the redemption liabilities in next twelve months from the date of this report.

After the end of the reporting period and up to the date of this report, the Group had received the [REDACTED] of RMB1,900,000,000 from issue of Series and H+ capitals. The Group has prepared cash flow projections which cover a period over twelve months after December 31, 2025. The directors of the Company are of the opinion that, taking into account the Supplemental Agreement and the receipt of the [REDACTED] from issue of Series H and H+ capitals, the Group will have sufficient working capital to fund its operations during the cash flow projection period. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the Historical Financial Information on a going concern basis.

* *English name is for identification purpose only.*

3. ADOPTION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently applied the accounting policies which conform with IFRS Accounting Standards issued by the IASB, which are effective for the Group's accounting period beginning on January 1, 2025, throughout the Track Record Period.

New and revised IFRS Accounting Standards in issue but not yet effective

At the date of this report, the following new and amendments to IFRS Accounting Standards have been issued which are not yet effective:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards — Volume 11[2]
IFRS 18	Presentation and Disclosure in Financial Statements3
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency[3]

[1] Effective for annual periods beginning on or after a date to be determined
[2] Effective for annual periods beginning on or after January 1, 2026
[3] Effective for annual periods beginning on or after January 1, 2027

Except for the new IFRS Accounting Standard mentioned below, the directors of the Company anticipate that the application of all amendments to IFRS Accounting Standards will have no material impact on the Group's consolidated financial statements in the foreseeable future.

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 (MPMs) 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* (the title of which will be changed to *Basis of Preparation of Financial Statements* upon effective of IFRS 18) and IFRS 7. 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. IFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statements of profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards as issued by the IASB. For the purpose of preparation of the Historical Financial Information, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**") and by the Hong Kong Companies Ordinance.

Basis of consolidation

The Historical Financial Information incorporates the financial statements of 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.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the Track Record Period are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group 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 the 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 in 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.

Business combinations

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organized workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

The identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the *Conceptual Framework for Financial Reporting* (the "**Conceptual Framework**") except for transactions and events within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets or* IFRIC 21 — Int 21 *Levies*, in which the Group applies IAS 37 or IFRIC — Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognized.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively; and

- lease liabilities are recognized and measured at the present value of the remaining lease payments (as defined in IFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognized and measured at the same amount as the relevant lease liabilities, adjusted to reflect favorable or unfavorable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognized in profit or loss.

Goodwill

Goodwill arising on acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("**CGUs**") (or group of CGUs) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and is not larger than an operating segment.

A CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in an annual period, the CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment before the end of that annual period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of CGUs).

Investments in subsidiaries

Investments in subsidiaries are stated in the statements of financial position of the Company at cost less any identified impairment loss.

Investments in associates

An associate is an entity over which the Group or the Company has significant influence. 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.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognized in the consolidated statements of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognized in profit or loss.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognized in the consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Acquisition of additional interests in associates

When the Group increases its ownership interest in an associate but the Group continues to use the equity method, goodwill is recognized at acquisition date if there is excess of the consideration paid over the share of carrying amount of net assets attributable to the additional interests in associates acquired. Any excess of share of carrying amount of net assets attributable to the additional interests in associates acquired over the consideration paid are recognized in the profit or loss in the period in which the additional interest are acquired.

Revenue from contracts with customers

Information about the Group's accounting policies relating to revenue from contracts with customers is provided in Note 6, 20 and 29.

Leases

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

Short-term leases

The Group applies the short-term lease recognition exemption to leases of office, warehouses, vehicles, machinery, and equipment that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes:

- the amounts of the initial measurement of the lease liabilities;
- any lease payments made at or before the commencement date; and
- any initial direct costs incurred by the Group.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

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 statements of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted 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 incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including the risk-free rate based on government bond rates, a country-specific risk adjustment and a credit risk adjustment based on bond yields.

The lease payments include fixed payments.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

- a lease contract is modified and the lease modification is not accounted for as a separate lease (see below for the accounting policy for "lease modifications").

The Group presents lease liabilities as a separate line item on the consolidated statements of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets.

When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Borrowing costs

Borrowing costs directly attributable to the acquisition and construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets until such time as the assets are substantially ready for their intended use.

Any specific borrowing that remains outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalization rate on general borrowings.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred income in the consolidated statements of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plans, including state-managed retirement schemes in the PRC, are recognized as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognized at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognized as an expense unless another IFRS Accounting Standard requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognized for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Group entity can no longer withdraw the offer of the termination benefit and when it recognizes any related restructuring costs.

Share-based payments

Equity-settled share-based payment transactions

Share awards/Share options granted to employees

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve.

When share options are exercised, the amount previously recognized in share-based payments reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognized in share-based payments reserve will continue to be held in share-based payments reserve.

When share awards granted are vested, the amount previously recognized in share-based payments reserve will be transferred to share premium.

Taxation

Income tax expense represents the sum of the current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognizes the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 *Income Taxes* requirements to the lease liabilities, and the related assets separately. The Group recognizes a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognized in profit or loss.

Property, plant and equipment

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 as described below). Property, plant and equipment are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognized so as to write off the cost of assets other than construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortization and any accumulated impairment losses. Amortization for intangible assets with finite useful lives is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Internally-generated intangible assets — research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognized separately from goodwill and are initially recognized at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at revalued amounts, being their fair value at the date of the revaluation less subsequent accumulated amortization and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash- generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statements of financial position include:

(a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statements of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on a weighted average method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Provisions for the expected cost of assurance-type warranty obligations under the relevant contracts with customers for sales of ESS batteries and EV batteries are recognized at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation.

Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating interest income and interest expense over the reporting period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place concerned.

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a designated and effective hedging instrument.

Amortized cost and interest income

Interest income is recognized using the effective interest method for financial assets measured subsequently at amortized cost and receivables subsequently measured at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Receivables classified as at FVTOCI

Subsequent changes in the carrying amounts for receivables classified as at FVTOCI as a result of interest income calculated using the effective interest method are recognized in profit or loss. The amounts that are recognized in profit or loss are the same as the amounts that would have been recognized in profit or loss if these receivables had been measured at amortized cost. All other changes in the carrying amount of these receivables are recognized in other comprehensive income and accumulated under the heading of FVTOCI reserve. Impairment allowances are recognized in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of these receivables. When these receivables are derecognized, the cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss.

Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, and is transferred to accumulated losses.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss. The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other gains and losses, net" line item.

Impairment of financial assets and other items subject to impairment assessment under IFRS 9

The Group performs impairment assessment under ECL model on financial assets (including trade and bills receivables, other receivables, bills receivables at FVTOCI, restricted bank deposits and cash and cash equivalents) and other items (contract assets) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of past events and current conditions at the reporting date as well as the forecast of future economic conditions.

The Group always recognizes lifetime ECL for trade receivables and contact assets.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the

longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definitions.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognized in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The measurement of ECL on those trade receivables with high credit risk are assessed on an individual basis, and the remaining is assessed collectively using a provision matrix taking into consideration historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and forward -looking information, including time value of money where appropriate, that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for certain trade receivables and contract assets are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortized cost of the financial asset.

Except for receivables at FVTOCI, the Group recognizes an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount through a loss allowance account. For receivables at FVTOCI, the loss allowance is recognized in other comprehensive income and accumulated in the FVTOCI reserve without reducing the carrying amount of these receivables. Such amount represents the changes in the FVTOCI reserve in relation to accumulated loss allowance.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group retains substantially all the risks and rewards of ownership of a transferred asset, the Group continues to recognize the financial asset and also recognizes payables or a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

On derecognition of receivables at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is reclassified to profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities the Group hold are subsequently measured at amortized cost using the effective interest method.

Financial liabilities at amortized cost

Financial liabilities including borrowings, trade, bills and other payables and redemption liabilities are subsequently measured at amortized cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statements of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognized amounts; and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the management of the Group is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets within the next twelve months.

Provision of ECL on trade receivables and other receivables

The credit loss allowance for trade receivables and other receivables are based on assumptions about the expected loss rates. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. The provision of ECL is sensitive to changes in estimates. The information about the ECL is set out in Note 24 and Note 40(b). The provision of ECL was valued by AVISTA (defined in Note 14) during the Track Record Period.

Net realizable value of inventories

Net realizable value of inventories is based on estimated selling price in the ordinary course of business less the estimated cost of completion and applicable selling expenses. These estimates are based on the current market condition and the historical experience in selling goods of similar nature. It could change significantly as a result of changes in market conditions. The Group reassesses the estimation at the end of each reporting period. If the actual net realizable values of inventories are more or less than expected as a result of change in market condition, material reversal of or provision for impairment loss may result. Further details of the inventories are set out in Note 22.

Warranty Provision

The Group makes a provision for assurance-type product warranty for the sales of ESS batteries and EV batteries with a period of one to eight years, according to the best expected settlement under the sales agreement. The Group recognizes liabilities based on its best estimate of the maximum loss that may be incurred. When the future costs and the probability of incurring warranty claims are higher or lower than expected, such impact will affect the profit and loss in the years in which such estimate has been changed. Further details of the provision are set out in Note 33.

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

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

As at December 31, 2023, 2024 and 2025, the carrying amounts of property, plant and equipment, intangible assets and right-of-use assets subject to impairment assessment were RMB1,337,319,000, RMB2,352,821,000 and RMB2,804,341,000, respectively. For the years ended December 31, 2023, 2024 and 2025, impairment losses of RMB3,716,000, RMB70,000 and RMB314,000 in respect of property, plant and equipment have been recognized, respectively. Details of the impairment of property, plant and equipment, intangible assets with finite useful lives and right-of-use assets are disclosed in note 14.

6. REVENUE AND SEGMENT INFORMATION

Revenue represents the amounts received and receivable from the sales of goods, net of sales related taxes, during the Track Record Period.

(i) Disaggregation of revenue from contracts with customers

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Type of goods and services, recognized at a point in time			
— EV batteries	6,339	11,619	236,547
— ESS batteries	92,313	258,360	592,072
— Automation equipment	114,042	114,955	77,234
— Others	35,539	20,412	37,144
Total	248,233	405,346	942,997

(ii) Performance obligations for contracts with customers and revenue recognition policies

Sales of ESS batteries, EV batteries and automation equipment

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.

Sales of ESS batteries and automation equipment typically contains delivery and installation of products to the customers. Given that customers cannot benefits from part of the process, each of the sales of ESS batteries or automation equipment accounted for as a single performance obligation. Revenue from sales of ESS batteries and automation equipment is generally recognized upon the receipt of customer acceptance and other proof of receipt from the customers. Transportation and handling activities that occur before customers obtain control are considered as fulfilment activities.

Revenue arising from sales of EV batteries is recognized at a point in time when the goods are generally accepted by the customers, since only by that time the Group passes control of the goods to the customers. Transportation and handling activities that occur before customers obtain control are considered as fulfilment activities.

Customers are required to make no more than 40% of total consideration as prepayments before the Group deliver the products. Contract liabilities are recognized when consideration is received in which revenue has yet been recognized. The arrangement of progress payments and retention fee is set out in Note 20.

Sales-related warranties to be provided during the retention period is considered as an assurance-type warranty in order to ensure the equipment will be operational as needed and is accounted for in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

The Group applies the practical expedient of not disclosing the transaction price allocated to performance obligations that were unsatisfied as the Group's contract has an original expected duration of less than one year.

(iv) Segment information

For the purpose of resource allocation and assessment of segment performance, the executive directors of the Company, being the chief operating decision makers, focus and review on the overall results and financial position of the Group as a whole. Accordingly, the Group has only one single operating and reportable segment, and only entity-wide disclosures are presented.

Geographical information

Revenue was substantially generated in the PRC during the Track Record Period. The Group's non-current assets are all located in the PRC.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Customer A *(note i and ii)*	N/A	N/A	394,558
Customer B *(note i and ii)*	N/A	N/A	164,908
Customer C *(note i)*	N/A	61,394	N/A
Customer D *(note i and ii)*	75,417	N/A	N/A

Notes:

i. N/A: not disclosed as the revenue from such customers did not contribute over 10% of the revenue of the Group for the respective reporting period.

ii. The customer is a group of multiples companies under the same holding company.

7a. OTHER INCOME

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Government grants			
— assets related *(note i)*	6,898	7,538	8,765
— income related *(note ii)*	23,916	26,577	134,152
Interest income on bank balances	25,420	25,492	9,488
Interest income on time deposits	3,239	4,724	235
Others	999	2,124	1,031
	60,472	66,455	153,671

Notes:

i. During the years ended 31 December 2023, 2024 and 2025, the Group received government subsidies of approximately RMB30,666,000, RMB105,999,000 and RMB225,805,000, respectively, as to subsidize certain construction and R&D projects of the Group. The amount has been treated as deferred income and is transferred to income over the useful lives of relevant plant and machineries.

ii. The other government grants were mainly incentives provided by local government authorities in the PRC, including various forms of government financial incentives granted for ongoing R&D activities. These grants are unconditional and accounted for as immediate financial support with neither future related costs expected to be incurred nor related to any assets of the Group or are conditional but with such has been satisfied during the year.

7b. OTHER GAINS AND LOSSES, NET

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Gain on fair value changes of structured deposits	16,239	21,755	4,769
Loss on disposal of property, plant and equipment and right-of-use assets, net	(827)	(329)	(21,747)
Gain on disposal of an associate	—	6,662	—
Net foreign exchange gains (loss)	1	31	(10)
Others	(729)	(1,473)	(164)
	14,684	26,646	(17,152)

8. FINANCE COSTS

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Finance costs from redemption liabilities	570,285	497,687	533,695
Interests on bank borrowings	4,590	6,140	13,348
Interests on lease liabilities	2,736	3,680	6,676
	577,611	507,507	553,719
Less: amounts capitalized in the cost of qualifying assets	(4,267)	(5,194)	(11,269)
Total	573,344	502,313	542,450

Note: During the years ended December 31, 2023, 2024 and 2025, borrowing costs from certain specific bank borrowings were capitalized to expenditure on construction in progress at a the rate of 3.65%, 3.65% and 2.8%–3.65%, respectively.

9. LOSS BEFORE TAX

Loss before tax has been arrived at after charging (crediting):

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Depreciation of property, plant and equipment	47,081	78,052	137,290
Depreciation of right-of-use assets	16,506	23,809	36,854
Amortization of intangible assets	677	506	571
Total depreciation and amortization	64,264	102,367	174,715
Capitalized in inventories	(36,003)	(45,581)	(99,459)
Total depreciation and amortization charged to profit or loss	28,261	56,786	75,256
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Auditors' remuneration	820	520	500
Directors' and supervisors' remuneration *(Note 11)*	2,911	2,891	2,273
Other staff costs:			
— Salaries, allowances and other benefits	202,042	281,984	379,778
— Retirement benefit scheme contributions	11,965	19,109	28,262
— Share-based payments	5,126	5,290	—
Total staff costs	222,044	309,274	410,313
Capitalized in inventories	(68,692)	(75,853)	(132,523)
Total staff costs charged to profit or loss	153,352	233,421	277,790
Cost of inventories recognized as expense	272,978	421,135	1,082,957
Write-down of inventories (included in cost of sales)	21,597	74,927	105,445
	294,575	496,062	1,188,402
Research and development expenses analyzed as:			
— Staff costs	93,382	145,761	175,248
— Materials consumed	19,045	81,033	103,322
— Office expenses	9,575	30,359	33,943
— Testing Fees	2,285	8,256	37,047
— Depreciation and amortization	14,248	27,716	22,341
— Others	3,477	2,473	5,043
	142,012	295,598	376,944
Impairment losses recognized on property, plant and equipment included in cost of sales	3,716	70	314
Net impairment losses on financial assets and other items:			
— Trade, bills and other receivables	23,146	21,704	34,286
— Contract assets	(26)	333	4,582
	23,120	22,037	38,868

10. INCOME TAX EXPENSE

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current tax:			
— PRC Enterprise Income Tax ("**EIT**")	7,056	5,308	2,468
Deferred tax:			
— Current year *(note 21)*	(79)	—	—
Total income tax expense	6,977	5,308	2,468

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the Company and the PRC subsidiaries is 25% unless they are subject to preferential tax as set out below.

Certain subsidiaries operating in the PRC were accredited as the "High and New Technology Enterprise" certification during the Track Record Period and therefore are entitled to a preferential tax rate of 15% for the Track Record period.

Pursuant to Caishui 2023 circular No.7, the Company and its certain subsidiaries enjoyed super deduction of 200% on qualified research and development expenditures for the Track Record Period.

From January 1, 2021 to December 31, 2030, certain subsidiaries of the Group engaged in encouraged industries located in the western regions shall be subject to enterprise income tax at a reduced rate of 15%.

Income tax expense for the Track Record Period can be reconciled to loss before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Loss before tax	(846,067)	(993,809)	(1,299,881)
Tax at PRC EIT rate of 25%	(211,517)	(248,452)	(324,970)
Income tax at concessionary rate	—	—	(2,405)
Share of results of associates	1,323	650	725
Tax effect of expenses that are not deductible for tax purpose	143,433	125,005	133,694
Tax effect of deductible temporary differences not recognized	14,878	29,671	98,936
Tax effect of super deduction on research and development expenses *(note)*	(35,400)	(73,610)	(94,120)
Tax effect of tax losses not recognized	94,260	172,044	196,980
Utilization of tax losses previously not recognized	—	—	(6,372)
Income tax expenses	6,977	5,308	2,468

Note: Pursuant to relevant laws and regulations in the PRC, the Group enjoys super deduction on qualifying research and development expenditures from taxable profit throughout the Track Record Period.

11. DIRECTORS', SUPERVISORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

11.1 Directors', supervisors' and the chief executive's emoluments

Details of the emoluments paid or payable by the entities comprising the Group to the directors, supervisors and chief executive of the Company (including emoluments for services as employee/directors/supervisors of the group entities prior to their becoming directors of the Company) for their services during the Track Record Period are as follows:

	Date of appointment	Salaries, allowances and benefits in kind	Director fees	Retirement benefit scheme contributions	Share-based payments	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended December 31, 2023						
Executive directors:						
Dr. Feng Yuchuan (馮玉川) (chief executive officer)	January 2021	670	—	59	1	730
Dr. Li Zheng (李崢)	January 2021	655	—	47	*	702
Non-executive director:						
Ms. Yang Fan (楊帆)	January 2021	456	—	21	—	477
Mr. Zhang Jianjun (張堅俊) *(Note i)*	January 2021	—	—	—	—	—
Ms. Yuan Wenjing (袁文靜)	January 2023	—	—	—	—	—
Mr. Li Sen (李森) *(Note ii)*	January 2021	—	—	—	—	—
Mr. He Zhengwei (何正偉) *(Note iii)*	August 2021	—	—	—	—	—
Independent non-executive directors						
Mr. Kong Xiaowen (孔小文) *(Note iv)*	January 2021	—	60	—	—	60
Dr. Wu Yingyu (吳應宇)	January 2021	—	60	—	—	60
Mr. Cai Kefeng (蔡克峰)	January 2021	—	60	—	—	60
Supervisors						
Mr. He Zhaoling (何朝淩) *(Note v)*	January 2021	330	—	9	63	402
Mr. Wang Minghui (王明輝) *(Note vi)*	January 2021	393	—	9	18	420
Mr. Wang Xu (王旭) *(Note vi)*	August 2022	—	—	—	—	—
		2,504	180	145	82	2,911

* *Less than RMB1,000*

	Date of appointment	Salaries, allowances and benefits in kind	Director fees	Retirement benefit scheme contributions*	Share-based payments	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended December 31, 2024						
Executive directors:						
Dr. Feng Yuchuan (馮玉川) (chief executive officer)	January 2021	673	—	59	1	733
Dr. Li Zheng (李崢)	January 2021	647	—	54	*	701
Non-executive director:						
Ms. Yang Fan (楊帆)	January 2021	456	—	20	—	476
Mr. Zhang Jianjun (張堅俊) *(Note i)*	January 2021	—	—	—	—	—
Mr. He Zhengwei (何正偉) *(Note iii)*	August 2021	—	—	—	—	—
Ms. Yuan Wenjing (袁文靜)	January 2023	—	—	—	—	—
Mr. Shen Haoming (沈浩明)	June 2024	—	—	—	—	—
Independent non-executive directors						
Mr. Kong Xiaowen (孔小文) *(Note iv)*	January 2021	—	60	—	—	60
Dr. Wu Yingyu (吳應宇)	January 2021	—	60	—	—	60
Mr. Cai Kefeng (蔡克峰)	January 2021	—	60	—	—	60
Supervisors						
Mr. He Zhaoling (何朝淩) *(Note v)*	January 2021	347	—	9	63	419
Mr. Wang Minghui (王明輝) *(Note vi)*	January 2021	355	—	9	18	382
Mr. Wang Xu (王旭) *(Note vi)*	August 2022	—	—	—	—	—
		2,478	180	151	82	2,891

* *Less than RMB1,000*

	Date of appointment	Salaries, allowances and benefits in kind	Director fees	Retirement benefit scheme contributions	Share-based payments	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended December 31, 2025						
Executive directors:						
Dr. Feng Yuchuan (馮玉川) (chief executive officer)	January 2021	672	—	59	—	731
Dr. Li Zheng (李崢)	January 2021	492	—	59	—	551
Mr. He Zhaoling (何朝淩) *(Note v)*	July 2025	234	—	7	—	241
Non-executive director:						
Ms. Yang Fan (楊帆)	June 2016	456	—	20	—	476
Ms. Yuan Wenjing (袁文靜)	January 2023	—	—	—	—	—
Mr. He Zhengwei (何正偉) *(Note iii)*	August 2021	—	—	—	—	—
Mr. Shen Haoming (沈浩明) *(Note vii)*	June 2024	—	—	—	—	—
Independent non-executive directors						
Mr. Kong Xiaowen (孔小文) *(note iv)*	January 2021	—	15	—	—	15
Dr. Wu Yingyu (吳應宇)	January 2021	—	60	—	—	60
Mr. Cai Kefeng (蔡克峰)	January 2021	—	60	—	—	60
Dr. Li Enzhu (李恩竹)	April 2025	—	40	—	—	40
Supervisors						
Mr. Wang Minghui (王明輝) *(Note vi)*	January 2021	97	—	2	—	99
Mr. Wang Xu (王旭) *(Note vi)*	August 2022	—	—	—	—	—
		1,951	175	147	—	2,273

Notes:

i. Mr. Zhang Jianjun was appointed as a non-executive director of the Group during the period from January 2021 to June 2024.

ii. Mr. Li Sen was appointed as a non-executive director of the Group during the period from January 2021 to January 2023.

iii. Mr. He Zhengwei was appointed as a non-executive director of the Group during the period from August 2021 to July 2025.

iv. Mr. Kong Xiaowen was appointed as an independent non-executive director of the Group during the period from January 2021 to April 2025.

v. Mr. He Zhaoling was appointed as the chairman of the Group's Supervisory Committee from January 2021 to April 2025. Following the dissolvement of the board of supervisors, he was appointed as the executive director in July 2025.

vi. Mr. Wang Minghui and Mr. Wang Xu were appointed as supervisors since January 2021 and August 2022, respectively. In April 2025, the board of supervisors was dissolved and their duties have been delegated to the audit committee.

11.2 Five highest paid employees

For the years ended December 31, 2023, 2024 and 2025, the five highest paid employees of the Group included nil, nil and nil directors of the Group. Details of the remuneration of the remaining 5, 5 and 5 individuals, for the years ended December 31, 2023, 2024 and 2025 respectively, are as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries, allowances and other benefits	6,708	4,782	11,736
Retirement benefit scheme contributions	107	155	144
Share-based payments	1,914	1,881	—
Total	8,729	6,818	11,880

The numbers of the five highest paid individuals (including directors of the Company) are within the following bands (presented in Hong Kong Dollar ("**HK$**")):

	Year ended December 31,		
	2023	2024	2025
	No. of employees	No. of employees	No. of employees
HK$1,000,001 to HK$1,500,000	2	4	—
HK$1,500,001 to HK$2,000,000	—	—	2
HK$2,000,001 to HK$2,500,000	2	—	1
HK$2,500,001 to HK$3,000,000	1	1	—
HK$3,000,001 to HK$3,500,000	—	—	1
HK$4,000,001 to HK$4,500,000	—	—	1
Total	5	5	5

12. DIVIDENDS

No dividend was declared or paid by the Company during the Track Record Period.

13. LOSS PER SHARE

The calculation of the basic loss per share attributable to owners of the Company is based on the following data:

	Year ended December 31,		
	2023	2024	2025
Loss (RMB'000)			
Loss for the purpose of basic and diluted loss per share	(825,159)	(966,877)	(1,225,427)
Number of shares ('000)			
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	189,456	189,456	217,335
[REDACTED] share (RMB)	(4.36)	(5.10)	(5.64)

For the Track Record Period, the Company has unvested restricted stock units and unexercised share options granted to the directors and employees as set out in Note 36 to the Historical Financial Information and investments from the investors with preferred rights which are recorded as financial liabilities as set out in Note 32 to the Historical Financial Information, which are not treated as outstanding shares and thus are excluded in the calculation of basic loss per share.

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potential dilutive ordinary shares. As the Group incurred losses for the Track Record Period, any potential ordinary shares included in the calculation of diluted loss per share would be anti-dilutive. Accordingly, diluted loss per share for the Track Record Period, are the same as basic loss per share of the respective year.

14. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings and ancillary facilities	Vehicles	Equipment	Other assets	Construction in progress	Leasehold Improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST							
As at January 1, 2023	324,432	6,078	261,706	12,319	263,461	1,445	869,441
Additions	2,028	1,337	30,493	2,512	394,155	915	431,440
Transfer	59,959	—	137,782	887	(198,628)	—	—
Disposals	—	(237)	(13,471)	(237)	—	—	(13,945)
As at December 31, 2023	386,419	7,178	416,510	15,481	458,988	2,360	1,286,936
Additions	84,040	2,031	29,875	5,901	848,593	66	970,506
Transfer	588,243	—	376,308	505	(977,167)	12,111	—
Disposals	(11,524)	(581)	(13,882)	(437)	(634)	(77)	(27,135)
As at December 31, 2024	1,047,178	8,628	808,811	21,450	329,780	14,460	2,230,307
Additions	405	7,147	12,220	8,339	450,257	151	478,519
Transfer	14,569	—	144,820	1,184	(201,834)	41,261	—
Disposals	(22,821)	(482)	(5,108)	(896)	(213)	—	(29,520)
As at December 31, 2025	1,039,331	15,293	960,743	30,077	577,990	55,872	2,679,306
DEPRECIATION							
As at January 1, 2023	(41,024)	(3,486)	(54,282)	(6,364)	—	(274)	(105,430)
Provided for the year	(10,846)	(491)	(34,831)	(524)	—	(389)	(47,081)
Eliminated on disposals	—	223	2,443	140	—	—	2,806
As at December 31, 2023	(51,870)	(3,754)	(86,670)	(6,748)	—	(663)	(149,705)
Provided for the year	(32,597)	(1,030)	(39,941)	(1,846)	—	(2,638)	(78,052)
Eliminated on disposals	276	477	2,349	88	—	—	3,190
As at December 31, 2024	(84,191)	(4,307)	(124,262)	(8,506)	—	(3,301)	(224,567)
Provided for the year	(53,279)	(1,472)	(71,918)	(3,942)	—	(6,679)	(137,290)
Eliminated on disposals	1,941	452	301	13	—	—	2,707
As at December 31, 2025	(135,529)	(5,327)	(195,879)	(12,435)	—	(9,980)	(359,150)

	Buildings and ancillary facilities	Vehicles	Equipment	Other assets	Construction in progress	Leasehold Improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
IMPAIRMENT							
As at January 1, 2023	(25,793)	(942)	(136,332)	(2,741)	—	—	(165,808)
Impairment losses charged during the year	—	(2)	(3,185)	(529)	—	—	(3,716)
Eliminated on disposals	—	—	424	4	—	—	428
As at December 31, 2023	(25,793)	(944)	(139,093)	(3,266)	—	—	(169,096)
Impairment losses charged during the year	—	—	(23)	(47)	—	—	(70)
Eliminated on disposals	—	17	10,893	201	—	—	11,111
As at December 31, 2024	(25,793)	(927)	(128,223)	(3,112)	—	—	(158,055)
Impairment losses charged during the year	—	(5)	(261)	(48)	—	—	(314)
Eliminated on disposals	—	—	3	6	—	—	9
As at December 31, 2025	(25,793)	(932)	(128,481)	(3,154)	—	—	(158,360)
CARRYING VALUES							
As at December 31, 2023	308,756	2,480	190,747	5,467	458,988	1,697	968,135
As at December 31, 2024	937,194	3,394	556,326	9,832	329,780	11,159	1,847,685
As at December 31, 2025	878,009	9,034	636,383	14,488	577,990	45,892	2,161,796

The Company

	Buildings and ancillary facilities	Vehicles	Equipment	Other assets	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST						
At 1 January 2023	13,773	1,169	33,518	157	1,210	49,827
Additions	—	—	13,773	19	12,800	26,592
Transfer	—	—	6,401	677	(7,078)	—
Disposals	—	(237)	(10,903)	(108)	—	(11,248)
As at December 31, 2023	13,773	932	42,789	745	6,932	65,171
Additions	—	103	587	23	4,524	5,237
Transfer	—	—	4,458	—	(4,458)	—
Disposals	—	(141)	—	—	(97)	(238)
As at December 31, 2024	13,773	894	47,834	768	6,901	70,170
Additions	—	337	3,470	308	92,832	96,947
Transfer	—	—	10,618	796	(11,414)	—
Disposals	—	(311)	(397)	—	—	(708)
As at December 31, 2025	13,773	920	61,525	1,872	88,319	166,409

	Buildings and ancillary facilities	Vehicles	Equipment	Other assets	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
DEPRECIATION						
As at January 1, 2023	(3,064)	(1,040)	(8,414)	(124)	—	(12,642)
Provided for the year	(1,308)	(52)	(7,145)	(182)	—	(8,687)
Eliminated on disposals	—	225	1,095	87	—	1,407
As at December 31, 2023	(4,372)	(867)	(14,464)	(219)	—	(19,922)
Provided for the year	(1,308)	(28)	(7,538)	(223)	—	(9,097)
Eliminated on disposals	—	134	—	—	—	134
As at December 31, 2024	(5,680)	(761)	(22,002)	(442)	—	(28,885)
Provided for the year	(1,308)	(25)	(8,513)	(384)	—	(10,230)
Eliminated on disposals	—	296	326	—	—	622
As at December 31, 2025	(6,988)	(490)	(30,189)	(826)	—	(38,493)
CARRYING VALUES						
As at December 31, 2023	9,401	65	28,325	526	6,932	45,249
As at December 31, 2024	8,093	133	25,832	326	6,901	41,285
As at December 31, 2025	6,785	430	31,336	1,046	88,319	127,916

The above items of property, plant and equipment (except for construction in progress) are depreciated on a straight-line basis over the following estimated useful lives after taking into account their residual values:

	Useful lives	Residual value
Buildings and ancillary facilities	10–40 years	5%
Vehicles	4 years	5%
Equipment	3–10 years	5%
Other assets	3–5 years	5%
Leasehold improvements	Over the shorter of the lease term or 2–10 years	—

Details of property, plant and equipment pledged as securities for the Group's borrowings are set out in Note 37.

The Group has obtained certificates for all buildings except for certain buildings with carrying amounts of RMB11,236,000, RMB9,697,000 and RMB9,100,000 as at December 31, 2023, 2024 and 2025, respectively, in which the Group is in the process of obtaining.

Impairment assessment

Due to the accumulated losses throughout the years ended December 31, 2023, 2024 and 2025, the management of the Group concluded there was indication of impairment loss and conducted impairment assessment on three CGUs as at December 31, 2023, 2024 and 2025.

Impairment test on the three CGUs of the Group has been conducted by the management of the Group by engaging an independent qualified professional valuer, AVISTA Valuation Advisory Limited ("**AVISTA**"), to estimate the recoverable amount of the group of cash-generating units as at December 31, 2023, 2024 and 2025. The address of AVISTA is Room 2401-06, 24/F, Everbright Centre, No. 108 Gloucester Road, Wan Chai, Hong Kong.

The recoverable amount of Solid-state batteries (the "**Solid-state batteries CGU**") and Xinxinhui automatic equipment (the "**Xinxinhui CGU**") have been determined based on a value in use calculation ("**VIU**") by using the discounted cashflow method. That calculation uses cash flow projections based on financial budgets approved by management covering a forecast period. Cash flows beyond the forecast period are extrapolated using the estimated terminal growth rate. The Group expects itself to experience a period of accelerated expansion, driven by strategic investments, product innovation, and increasing market penetration. The values to the assigned key assumptions were based on the past performance of the CGUs and the management's expectation of future market development. Discount rate was determined by weight averaged capital cost were used to reflect market assessment of time value and the specific risks relating to the CGUs for the impairment review as at December 31, 2023, 2024 and 2025.

Solid-state batteries CGU

The management of the Group conducted impairment assessment on Solid-state batteries CGU which comprises property, plant and equipment, intangible assets and right-of-use assets and with carrying amounts of RMB1,231,913,000, RMB2,258,165,000 and RMB2,720,580,000 as at December 31, 2023, 2024 and 2025 respectively. The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period with a pre-tax discount rate determined by weight averaged capital cost of 14.53%, 14.10% and 13.83%, respectively.

As at December 31, 2023, 2024 and 2025, management of the Group determines that there is no impairment on the property, plant and equipment, intangible assets and right-of-use assets. The recoverable amount is significantly above the carrying amount of the Solid-state batteries CGU as at December 31, 2023, 2024 and 2025 respectively. Management believes that any reasonably possible change in any of these assumptions would not result in impairment.

Xinxinhui CGU

The management of the Group conducted impairment assessment on Xinxinhui CGU which comprises property, plant and equipment, intangible assets and right-of-use assets and with carrying amounts RMB53,173,000, RMB50,202,000 and RMB41,893,00 as at December 31, 2023, 2024 and 2025, respectively. The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period.

After the accumulated impairment losses of RMB4,785,000 of Xinxinhui CGU recognized before the track record period, the carrying amount of Xinxinhui CGU was RMB56,144,000 as at January 1, 2023. As at December 31, 2023, 2024 and 2025, management of the Group determines that there is no further impairment on the property, plant and equipment, intangible assets and right-of-use assets. The recoverable amount is above the carrying amount of the Xinxinhui CGU as at December 31, 2023, 2024 and 2025 respectively.

Yichun Qingtao production assets ("Yichun assets")

The management of the Group conducted impairment assessment on Yichun assets which comprises property, plant and equipment and intangible assets and with carrying amounts of RMB52,233,000, RMB44,454,000 and RMB41,868,000 as at December 31, 2023, 2024 and 2025, respectively. Based on management's forecast of Yichun Qingtao's future business plan, the VIU is minimal due to business contraction, the recoverable amount of the above assets has been determined based on its fair value less cost of disposal.

After the accumulated impairment losses of RMB160,595,000 of Yichun assets recognized before the track record period, the carrying amount of Yichun assets was RMB60,012,000 as at January 1, 2023. Based on the result of the assessment conducted as at December 31, 2023, 2024 and 2025, the Group further recognized impairment losses of RMB3,716,000, RMB70,000 and RMB314,000, respectively related to Yichun assets.

15. RIGHT-OF-USE ASSETS

The Group

	Leased properties	Leasehold lands	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Cost				
As at January 1, 2023	20,726	116,495	1,048	138,269
Additions	114,153	145,086	—	259,239
Termination of leases	(9,947)	—	—	(9,947)
As at December 31, 2023	124,932	261,581	1,048	387,561
Additions	417	163,620	—	164,037
Termination of leases	(9,858)	—	(1,048)	(10,906)
As at December 31, 2024	115,491	425,201	—	540,692
Additions	175,711	—	—	175,711
Termination of leases	(6,722)	—	—	(6,722)
As at December 31, 2025	284,480	425,201	—	709,681
DEPRECIATION				
As at January 1, 2023	(5,903)	(4,679)	(427)	(11,009)
Provided for the year	(12,487)	(3,553)	(466)	(16,506)
Termination of leases	4,273	—	—	4,273
As at December 31, 2023	(14,117)	(8,232)	(893)	(23,242)
Provided for the year	(16,932)	(6,722)	(155)	(23,809)
Termination of leases	9,594	—	1,048	10,642
As at December 31, 2024	(21,455)	(14,954)	—	(36,409)
Provided for the year	(27,918)	(8,936)	—	(36,854)
Termination of leases	862	—	—	862
As at December 31, 2025	(48,511)	(23,890)	—	(72,401)
Carrying amount				
As at December 31, 2023	110,815	253,349	155	364,319
As at December 31, 2024	94,036	410,247	—	504,283
As at December 31, 2025	235,969	401,311	—	637,280

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Expenses relating to short-term leases	7,895	4,574	7,408
Total cash outflow for leases	162,477	176,494	72,295

During the Track Record Period, the Group leased various properties for its operations. Lease contracts are entered into for a fixed term ranging from 2 years to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Leasehold lands mainly represent upfront payments for all leasehold lands in the PRC for fixed term of 37 years to 50 years. Land use right certificates for all leasehold land in the PRC have been obtained.

The Group regularly entered into short-term leases for office, warehouses, vehicles, machinery, and equipment. As at December 31, 2023, 2024 and 2025, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

Restrictions or covenants on leases

In addition, lease liabilities of RMB117,369,000, RMB113,475,000 and RMB225,871,000 are recognized with related right-of-use assets of RMB110,970,000, RMB94,036,000 and RMB235,969,000, at December 31, 2023, 2024 and 2025, respectively. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes. The Group is restricted from assigning and subleasing the leased assets outside the Group.

16. GOODWILL

The goodwill, the above intangible assets have finite useful lives. Such intangible assets are amortized on a straight-line basis over the following estimated useful lives:

	Useful lives
COST	
As at January 1, 2023, December 31, 2023, 2024 and 2025	23,636
IMPAIRMENT	
As at January 1, 2023, December 31, 2023, 2024 and 2025	(23,636)
CARRYING VALUES	
As at December 31, 2023, 2024 and 2025	—

Goodwill arises from the Company's acquisition of subsidiary Huizhou Xinxinhui Automatic Equipment Co., Ltd.* (惠州市新鑫輝自動化設備有限公司) ("**Huizhou Xinxinxhui**"). In December 2017, the Company acquired 60% equity share of Huizhou Xinxinhui with the cash consideration of RMB60,000,000. Huizhou Xinxinhui is principally engaged in the sales of automotive equipment and constitutes a separate CGU within the Group.

In view of the sustained losses incurred by Huizhou Xinxinhui following the acquisition, management performed an impairment test on the goodwill allocated to the CGU. Based on management's estimate of the CGU's recoverable amount, the goodwill was fully impaired prior to the Track Record Period.

* *English name is for identification purpose only.*

17. INTANGIBLE ASSETS

The Group

	Automation equipment technology	Sales contract relationship	Software	Patent rights and trademarks	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST					
As at January 1, 2023	36,300	13,300	1,905	400	51,905
Additions	—	—	507	—	507
As at December 31, 2023	36,300	13,300	2,412	400	52,412
Additions	—	—	104	36	140
As at December 31, 2024	36,300	13,300	2,516	436	52,552
Additions	—	—	4,739	—	4,739
As at December 31, 2025	36,300	13,300	7,255	436	57,291
AMORTIZATION					
As at January 1, 2023	(16,940)	(12,413)	(719)	(267)	(30,339)
Provided for the year	—	—	(637)	(40)	(677)
As at December 31, 2023	(16,940)	(12,413)	(1,356)	(307)	(31,016)
Provided for the year	—	—	(464)	(42)	(506)
As at December 31, 2024	(16,940)	(12,413)	(1,820)	(349)	(31,522)
Provided for the year	—	—	(530)	(41)	(571)
As at December 31, 2025	(16,940)	(12,413)	(2,350)	(390)	(32,093)
IMPAIRMENT					
As at January 1, 2023, December 31, 2023, 2024 and 2025	(19,360)	(887)	—	—	(20,247)
CARRYING VALUES					
As at December 31, 2023	—	—	1,056	93	1,149
As at December 31, 2024	—	—	696	87	783
As at December 31, 2025	—	—	4,905	46	4,951

The above intangible assets have finite useful lives. Such intangible assets are amortized on a straight-line basis over the following estimated useful lives:

	Useful lives
Automation equipment technology	10 years
Sales contract relationship	5 years
Software	3–10 years
Patent rights and trademarks	10 years

The Company

	Software
	RMB'000
COST	
As at January 1, 2023, December 31, 2023, 2024 and January 1, 2025	—
Additions	3,594
As at December 31, 2025	3,594
AMORTIZATION	
As at January 1, 2023, December 31, 2023, 2024 and January 1, 2025	—
Provided for the year	(260)
As at December 31, 2025	(260)
CARRYING VALUES	
As at December 31, 2023	—
As at December 31, 2024	—
As at December 31, 2025	3,334

18. INVESTMENTS IN ASSOCIATES

The Group

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cost of investments, unlisted	42,360	45,500	55,500
Share of post-acquisition loss	(8,868)	(4,806)	(7,704)
	33,492	40,694	47,796

The Company

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cost of investments, unlisted	35,500	45,500	55,500
Share of post-acquisition loss	(2,206)	(4,806)	(7,704)
	33,294	40,694	47,796

Details of each of the Group's associates at December 31, 2023, 2024 and 2025 are as follow:

Name of associates	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held by the Group				Principal activities
		As at December 31,			As at date of report	
		2023	2024	2025		
Suzhou Haohaizi New Retail Technology Co., Ltd.* (蘇州好孩子新零售科技有限公司) ("**Suzhou Haohaizi**") *(note i)*	PRC	49.0%	N/A	N/A	[N/A]	Retail
Zhengxiong (Changshu) Power System Co., Ltd.* (正雄(常熟)動力系統有限公司) ("**Zhengxiong Power**") *(note ii)*	PRC	22.2%	27.1%	31.4%	[31.4%]	Research and development, production and sales of equipment
Qingtao Yunneng (Jiangsu) Energy Technology Co., Ltd.* (清陶雲能(江蘇)能源科技有限公司) ("**Qingtao Yunneng**")	PRC	35.0%	35.0%	35.0%	[35.0%]	Research and development, production and sales of batteries

* *English name is for identification purpose only.*

Notes:

i. Suzhou Haohaizi, previously names as Suzhou Haohaizi Qingtao Technology Service Co., Ltd. (蘇州好孩子清陶科技服務有限公司), was the associate of Suzhou Qingtao New Energy Technology Co., Ltd. ("**Suzhou Qingtao**"), the subsidiary of the Company. In April 2024, the Group disposed total interest in Suzhou Haohaizi to its controlling shareholder for proceeds of RMB6,860,000 and recognized disposal gain of RMB6,662,000, and the consideration was received in April 2024.

ii. Zhengxiong Power was established in November 2021 by six individual founders and the Company. In 2023, following a capital injection of RMB18,863,800 by the Company and the acquisition of RMB1,136,200 in equity from two individual shareholders through share transfers, the Company's total investment reached RMB25,000,000, representing 22.2% of total shares. In August 2024 and October 2025, the Company further invested RMB10,000,000 and RMB10,000,000, respectively, raising its ownership interest to 27.1% and 31.4% upon each investment.

Aggregate information of associates that are not individually material

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
The Group's share of loss and total comprehensive expense	(5,291)	(2,600)	(2,898)
Aggregate carrying amount of the Group's interests in these associates	33,492	40,694	47,796

19. EQUITY INSTRUMENTS AT FVTOCI

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Equity investments — unlisted	745	200,745	201,000

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Equity investments — unlisted	—	200,000	200,000

The above unlisted equity investments represent the Group's equity interest in several private entities established in the PRC. The directors of the Company have irrevocably elected to designate the investments in equity instruments at FVTOCI at initial recognition as they believe that this is a strategic investment which is not held for trading. The fair value of the certain investment was valued by directors of the Company with reference to a valuation report prepared by AVISTA.

* *English name is for identification purpose only.*

20. CONTRACT ASSETS

The Group

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Sales of products	5,373	9,819	61,120
Less: allowance for credit losses	(367)	(700)	(5,282)
Total contract assets	5,006	9,119	55,838
Less: amounts shown under current assets	(248)	(738)	(433)
Amounts shown under non-current assets	4,758	8,381	55,405

As at January 1, 2023, the Group's contract assets amounted to RMB10,808,000.

The ESS sales contracts include the terms that require certain portion of the contract value to be withheld by the customers until the expiry of the warranty period.

The Group typically agrees to a retention period for five years to eight years for 3% to 10% of the contract value. This amount is included in contract assets until the end of the retention period as the Group's entitlement to this final payment is conditioned on the ESS products not having quality issue.

The contract assets are transferred to trade receivables when the warranty obligations expire.

Details of the impairment assessment are set out in note 42(b).

The Company

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Sales of products	—	—	2,497
Less: allowance for credit losses	—	—	(216)
Total contract assets shown under non-current assets	—	—	2,281

21. DEFERRED TAXATION

The Group

For the purpose of presentation in the consolidated statements of financial position, certain deferred tax assets and liabilities have been offset.

The following are the major deferred tax balances recognized and movements thereon during the Track Record Period:

	Right-of-use assets	Lease liabilities	Tax loss	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2023	(5,444)	3,650	1,715	(79)
(Charge) credit to profit or loss	(22,185)	23,979	(1,715)	79
As at December 31, 2023	(27,629)	27,629	—	—
Credit (charge) to profit or loss	4,192	(4,192)	—	—
As at December 31, 2024	(23,437)	23,437	—	—
(Charge) credit to profit or loss	(35,555)	35,555	—	—
As at December 31, 2025	(58,992)	58,992	—	—

As at December 31, 2023, 2024 and 2025, the Group had deductible temporary differences of RMB414,253,000, RMB532,937,000 and RMB928,681,000 related to impairment losses on non-financial assets and financial assets, deferred income and accrued expenses and others. No deferred tax asset has been recognized in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilized.

As at December 31, 2023, 2024 and 2025, the Group had unused tax losses approximately RMB945,479,000, RMB1,632,903,000 and RMB2,377,099,000, respectively, available for offset against future profits. No deferred tax asset has been recognized due to the unpredictability of future profit streams. The expiry dates of unrecognized tax losses are disclosed in the following table.

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
2024	753	—	—
2025	18,238	18,238	—
2026	9,235	9,235	9,235
2027	67,773	67,773	67,702
2028	92,167	92,421	85,881
2029	34,512	277,765	259,576
2030	74,379	74,379	512,795
2031	148,031	148,031	147,345
2032	227,242	227,242	227,242
2033	273,149	273,149	273,149
2034	—	444,670	444,670
2035	—	—	349,504
	945,479	1,632,903	2,377,099

22. INVENTORIES

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Raw materials	91,023	140,989	238,063
Work-in-progress	41,550	99,895	200,400
Finished goods	215,889	273,609	390,412
Subtotal	348,462	514,493	828,875
Less: provision for impairment	(77,970)	(152,897)	(258,342)
Total	270,492	361,596	570,533

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Raw materials	70	16	3,827
Finished goods	324	86,076	12,400
Subtotal	394	86,092	16,227
Less: provision for impairment	(307)	—	—
Total	87	86,092	16,227

23. CONTRACT COSTS

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Costs to fulfill contracts setup costs	1,688	177	7

24. TRADE, BILLS AND OTHER RECEIVABLES

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade receivables from contracts with customers			
—Third parties	346,344	459,477	459,487
—Related parties	139	4,242	121,851
	346,483	463,719	581,338
Less: allowance for credit losses	(120,460)	(140,521)	(173,759)
	226,023	323,198	407,579
Bills receivables			
—Third parties	24,815	19,983	23,535
—Related parties	—	596	43,929
	24,815	20,579	67,464
Less: allowance for credit losses	(87)	(78)	(247)
	24,728	20,501	67,217
Advances to suppliers	18,803	43,428	68,053
Value-Added Tax ("VAT") recoverable	55,922	127,505	268,087
Deposits and guarantees	20,214	20,734	16,223
Other	17,769	21,426	22,485
	112,708	213,093	374,848
Less: allowance for credit losses	(1,665)	(3,317)	(3,815)
	111,043	209,776	371,033
Total trade, bills and other receivables	361,794	553,475	845,829

As at January 1, 2023, trade receivables from contracts with customers amounted to RMB288,436,000.

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade receivables from contracts with customers			
— Third parties	—	—	47,617
— Subsidiaries	8,654	10,849	11,255
	8,654	10,849	58,872
Less: allowance for credit losses	—	—	(4,125)
	8,654	10,849	54,747
Advances to suppliers	157	4,099	10,419
VAT recoverable	5,386	6,837	15,608
Intra-group receivables	833,388	711,741	1,259,057
Other	19	38	44
Less: allowance for credit losses	—	—	—*
	838,950	722,715	1,285,128
Total trade and other receivables	847,604	733,564	1,339,875

As at January 1, 2023, trade receivables from contracts with customers amounted to RMB4,515,000.

* *Less than RMB1,000*

The following is an aging analysis of trade receivables, net of allowance for credit losses, presented based on revenue recognition date at the end of the reporting period.

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	192,054	227,871	298,239
1 to 2 years	28,574	84,359	71,742
2 to 3 years	3,936	10,312	31,199
More than 3 years	1,459	656	6,399
Total	226,023	323,198	407,579

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	4,139	2,498	43,898
1 to 2 years	4,515	3,836	2,498
2 to 3 years	—	4,515	3,836
More than 3 years	—	—	4,515
Total	8,654	10,849	54,747

Before accepting any new customer, the Group will internally assess the credit quality of the potential customer and define appropriate credit limits. In general, trade receivables are not considered as in default since the directors of the Group considered such balances could be recovered based on repayment history, the financial conditions and the current credit worthiness of each customer.

The remaining dates to maturity of bills receivables are within 12 months at the end of each reporting period.

Details of impairment assessment of receivables are set out in note 40(b).

25. BILLS RECEIVABLES AT FVTOCI

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Bills receivables	4,319	20,165	6,195

The balance represents bank acceptance bills held by the Group, which is measured at financial assets at FVTOCI since the bills are held within the business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets by endorsements or discounting them to certain banks to obtain bank loans on a full recourse basis, and the contractual cash flows are solely payments of principal and interest on the principal amount outstanding.

26. TRANSFERS OF FINANCIAL ASSETS

(a) ***Transferred financial assets that are not derecognized in their entirety***

As at December 31, 2023, 2024 and 2025, included in the Group's bills receivables being endorsed to certain suppliers for settlement of trade payables or being discounted to certain banks to obtain bank loans on a full recourse basis. If the bills are not paid on maturity, the suppliers and banks have the right to request the Group to pay the unsettled balance. As the Group has not transferred the significant risks and rewards relating to the bills receivables to its suppliers upon endorsement, it continues to recognize the full carrying amount of bills receivables and has recognized the payables from the endorsement of the bills with full recourse. For bills receivables discounted to banks with full recourse, as the Group has not transferred the significant risks and rewards, it continues to recognize the full carrying amount of bills receivables and has recognized the bank borrowings for the discounted amounts received. . As at December 31, 2023, 2024 and 2025, bills receivables being endorsed or discounted that are not derecognized in their entirety amounted to RMB17,756,000, RMB19,367,000 and RMB41,448,000, respectively

(b) ***Transferred financial assets that are derecognized in their entirety***

As at December 31, 2023, 2024 and 2025, the Group had derecognized bills discounted to banks or endorsed to certain suppliers on a full recourse basis amounting to RMB8,533,000, RMB12,469,000 and RMB47,848,000, respectively. These bills were guaranteed by reputable banks with high credit ratings the directors of the Company considered the substantial risks in relation to these bills were interest risk as the credit risk arising from these bills were minimal, and therefore the Group had transferred substantially all the risks of these bills to relevant banks or suppliers upon the discount or endorsement of these bills.

27. RESTRICTED BANK DEPOSITS/CASH AND CASH EQUIVALENTS

Restricted bank deposits

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Deposits for bills payable and letter of guarantee and performance guarantee *(note i)*	238,832	464,048	668,676
Deposits frozen due to litigation case *(note ii)*	—	7,943	2,140
	238,832	471,991	670,816

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Deposits for bills payable and letter of guarantee and performance guarantee *(note i)*	2,134	5,086	36,075

Notes:

(i) The Group's and the Company's restricted bank deposits are deposited to banks for the issue of bills payables, letter of guarantee and performance guarantee by the Group and the Company primarily for the purchases of materials. The restricted bank deposits will be released upon the settlement of relevant bills payables, letter of guarantee and performance guarantee, which are normally within a repayment period of 1 year, and are therefore classified as current assets.

(ii) As at 31 December 2024, the Group's restricted bank deposits amounting to RMB7,943,000 was frozen due to a litigation case, these deposits were unfrozen in 2025. As at 31 December 2025, the Group's restricted bank deposits amounting to RMB2,140,000 was frozen due to an ongoing litigation case involving immaterial claims.

(iii) Restricted bank deposits carried interest at market rates ranging from 0.05% to 3.45%, 0.10% to 3.45% and 0.05% to 3.45% per annum as at December 31, 2023, 2024 and 2025, respectively.

Details of impairment assessment of restrict bank deposits are set out in the note 40(b).

Cash and cash equivalents

Cash and cash equivalents comprise demand deposits and short-term bank deposits held by the Group. Bank balances held by the Group and the Company carry interests at market rates which was from 0.1% to 1.8%, from 0.1% to 1.6% and from 0.1% to 1.65% per annum as at December 31, 2023, 2024 and 2025, respectively.

Details of impairment assessment of cash and cash equivalents are set out in the Note 38(b).

28. TRADE, BILLS AND OTHER PAYABLES

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade payables			
— Third parties	129,072	271,874	550,831
— Related parties	1,499	5,958	23,776
Bills payables			
— Third parties	94,398	176,531	458,840
— Related parties	—	1,769	16,601
	224,969	456,132	1,050,048
Payables for property, plant and equipment			
— Third parties	488,597	700,455	525,100
— Related parties	—	—	2,026
Other taxes payables	10,121	16,435	20,419
Accrued expenses and payables	1,748	2,361	2,135
Payroll and welfare payables	31,951	49,546	86,053
Others	2,408	1,768	5,318
	534,825	770,565	641,051
Analyzed as:			
Current	759,794	1,226,697	1,691,099

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade payables			
— Third parties	1,347	1,569	34,112
— Subsidiaries	6,909	127,126	103,725
— Related parties	—	3	2
Bills payables			
— Third parties	1,798	136	8,105
	10,054	128,834	145,944
Payables for property, plant and equipment			
— Third parties	4,578	6,075	39,482
— Related parties	—	—	2,026
Amount due to subsidiaries	260,984	259	9,001
Other taxes payables	87	371	125
Accrued expenses and payables	147	699	200
Payroll and welfare payables	2,946	3,777	15,043
Others	73	46	224
	268,815	11,227	66,101
Analyzed as:			
Current	278,869	140,061	212,045

The suppliers generally allow the credit period ranged from 0 to 60 days to the Group over the Track Record Period.

The following is an aging analysis of trade payables presented based on the invoice dates at the end of each reporting period:

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	116,910	256,555	533,639
Over 1 year	13,661	21,277	40,968
	130,571	277,832	574,607

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	8,256	122,900	107,964
Over 1 year	—	5,798	29,875
	8,256	128,698	137,839

The following is an aging analysis of bills payables presented based on the invoice date at the end of each reporting period:

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	94,398	178,300	475,441

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	1,798	136	8,105

29. CONTRACT LIABILITIES

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Contract liabilities	66,870	69,874	46,639

As at January 1, 2023, contract liabilities of the Group amounted to RMB37,593,000.

The significant increase in contract liabilities of the Group was mainly due to the increase of the business size, resulting in higher amounts received from customers during the year ended December 31, 2023.

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Contract liabilities	670	28,311	728

As at January 1, 2023, contract liabilities of the Company amounted to RMB670,000.

The following table shows how much of the revenue recognized that was included in the balance of contract liabilities at the beginning of the year.

The Group

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
ESS batteries	1,830	36,731	46,749
Automation equipment	32,946	28,491	20,881
Others	1,487	1,648	2,243
	36,263	66,870	69,874

The Company

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
ESS batteries	670	670	28,311

The Group and the Company normally require certain customers to provide advance payments equivalent to 10% to 40% of the total consideration, as advance payment as part of credit risk management policies, which represent the Group's and the Company's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

30. BORROWINGS

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Bank loans	148,165	155,540	846,780
Fixed-rate borrowings	145,162	152,540	817,505
Variable-rate borrowings	3,003	3,000	29,275
	148,165	155,540	846,780
Secured and unguaranteed *(note)*	—	10,538	715,780
Unsecured and unguaranteed	148,165	145,002	131,000
	148,165	155,540	846,780
Carrying amount repayable (based on scheduled repayment terms)			
Within one year	8,165	115,540	242,779
More than one year but not exceeding two years	100,000	40,000	185,769
More than two years but not exceeding five years	40,000	—	418,232
	148,165	155,540	846,780
Less: amount due for settlement within one year shown under current liabilities	(8,165)	(115,540)	(242,779)
Amounts shown under non-current liabilities	140,000	40,000	604,001

Note: These loans were secured by the Group's property, plant and equipment, right-of use assets, bills receivables and restricted bank deposits. Details of those pledged assets are set out in Note 37.

The ranges of effective interest rates (which are also equal to contracted interest rates) per annum on the Group's borrowings are as follows:

	At December 31,		
	2023	2024	2025
Effective interest rate			
Fixed-rate borrowings	3.65%–4.20%	2.50%–4.20%	2.50%–3.65%
Variable-rate borrowings	4.05%	3.75%	2.95%–3.75%

The Group's variable-rate borrowings carry interest at loan prime rate plus spread of 0.0248% to 0.55%.

In respect of bank loans from several subsidiaries with carrying amount of RMB140,000,000, RMB40,000,000, and RMB604,001,000, as at December 31, 2023, 2024 and 2025, respectively, the bank loan agreement contains financial covenants including a requirement that the subsidiaries' own funds ratio shall not be less than 30%. The Group has complied with the relevant covenants at each test date on or before the end of the reporting period and classified the related bank loans balances as non-current.

31. LEASE LIABILITIES

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Lease liabilities payable:			
Within one year	44,331	62,421	42,034
Within a period of more than one year but not exceeding two years	21,985	7,560	22,751
Within a period of more than two years but not exceeding five years	23,464	23,799	72,915
Within a period of more than five years	27,589	19,695	88,171
	117,369	113,475	225,871
Less: amount due for settlement within 12 months shown under current liabilities	(44,331)	(62,421)	(42,034)
Amount due for settlement after 12 months shown under non-current liabilities	73,038	51,054	183,837

The Group's incremental borrowing rates applied to lease liabilities is ranged from 4.20% to 4.65%, 4.20% to 4.65% and 3.6% to 4.65% per annum for the years ended December 31, 2023, 2024 and 2025, respectively.

32. REDEMPTION LIABILITIES

From 2016 to 2025, the Company completed several series of equity financing. During the Track Record Period, the Company entered into several shareholders agreements with series G+ investors as disclosed in Note 35.

Significant terms of the shareholders agreements for ordinary shares with preferential rights that impacted the accounting treatment of the Company are outlined below:

Redemption rights

Upon the occurrence of certain events as stipulated in the relevant investment agreements, any holder of the ordinary shares with preferential rights may require the Company and the controlling shareholder to redeem any or all of the outstanding shares held by such holders at certain redemption price. The redemption amount, determined in accordance with the provisions applicable to the relevant financing agreement, shall be either: (i) the investment amount, plus an interest at an annual rate of 7% or 9% calculating from the issuance date, plus any dividend declared but not collected by such holder; or (ii) the higher of (a) the investment amount, plus an interest at an annual rate of 7% or 9% calculating from the issuance date, plus any dividend declared but not collected by such holder; and (b) the fair value of the shares subscribed by the investors.

Anti-dilution right

If the Company increases its share capital at a price lower than the price paid by the [REDACTED] who are eligible for the anti-dilution rights as stipulated in relevant investment agreements (the "**Anti-Dilution Right Holders**") on a per share capital basis prior to a qualified [REDACTED], the Anti-Dilution Right Holders have a right to require the Company and the controlling shareholder of the Company to take necessary actions, so that the total amount paid by the Anti-Dilution Right Holders divided by the total amount of share capital obtained is equal to the price per share capital in the new issuance.

Liquidation preferences

In the event of any liquidation including liquidation, dissolution or winding up of the Group (the"**Liquidation Event**"), the preferred shares investors shall be entitled to receive, prior and in preference to any distribution of any of the assets or surplus funds of the Company in order of priority as specified in relevant shareholder agreements.

Supplemental Agreement

Pursuant to the Supplemental Agreement, the redemption rights have ceased to be effective from the date on which the first submission of [REDACTED] for the [REDACTED] and shall be automatically resumed upon the occurrence of the earliest of the following events: (i) the Company fails to refile the [REDACTED] of [REDACTED] within 12 months from the date of occurrence of any of the following events: the Company withdraws its [REDACTED] for [REDACTED], or the [REDACTED] submitted to the Stock Exchange expires (lapses) or being rejected; (ii) the Company failing to complete the [REDACTED] by June 30, 2028; or (iii) following the date on which the Company's [REDACTED] of [REDACTED] has been granted approval, become effective, or passed the hearing, the Company fails to complete the [REDACTED] and [REDACTED] on the Stock Exchange for any reason whatsoever within 12 months.

According to the Supplemental Agreement, all the special rights granted to the preferred shares investors shall be automatically terminated upon the completion of the [REDACTED].

Presentation and classification

As at December 31, 2023 and 2024 and 2025, upon the closure of the investment, at the Group's consolidated statements of the financial position, the Group recognized the contractual obligation to the investors as financial liabilities measured at amortized cost using the effective interest rate method over the period from the closure date to the maturity date.

The movements of these redemption liabilities are as follows:

The Group and the Company

	Total
	RMB'000
As at January 1, 2023	3,410,973
Recognition of financial instruments with preferred rights	2,700,000
Charged to finance costs	570,285
As at December 31, 2023	6,681,258
Charged to finance costs	497,687
As at December 31, 2024	7,178,945
Charged to finance costs	533,695
As at December 31, 2025	7,712,640

33. PROVISIONS

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Analyzed for reporting purposes as:			
Non-current liabilities	10,476	18,356	47,864
Current liabilities	3,116	3,174	3,232
	13,592	21,530	51,096

	Warranty provision
	RMB'000
As at January 1, 2023	13,108
Additional provision in the year	3,946
Utilization of provision	(3,462)
As at December 31, 2023	13,592
Additional provision in the year	10,800
Utilization of provision	(2,862)
As at December 31, 2024	21,530
Additional provision in the year	33,145
Utilization of provision	(3,579)
As at December 31, 2025	51,096

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Analyzed for reporting purposes as:			
Non-current liabilities	—	—	2,947

	Warranty provision
	RMB'000
As at January 1, 2023, December 31, 2023, 2024 and January 1, 2025	—
Additional provision in the year	2,947
As at December 31, 2025	2,947

The Group makes a provision for product warranty for the sales of ESS batteries and EV batteries according to the best expected settlement under the sales agreement. The provision amount takes into account the Group's recent claims, past warranty data and the weight of all possible results and their related probabilities.

34. DEFERRED INCOME

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Analyzed for reporting purposes as:			
Non-current liabilities	75,793	168,569	385,241
Current liabilities	7,938	20,663	10,433
	83,731	189,232	395,674

	Assets related	Income related	Total
	RMB'000	RMB'000	RMB'000
At January 1, 2023	51,605	5,098	56,703
Government grants received	30,666	3,260	33,926
Credited to profit or loss	(6,898)	—	(6,898)
At December 31, 2023	75,373	8,358	83,731
Government grants received	105,999	7,440	113,439
Credited to profit or loss	(7,538)	(400)	(7,938)
At December 31, 2024	173,834	15,398	189,232
Government grants received	225,805	1,420	227,225
Credited to profit or loss	(8,765)	(12,018)	(20,783)
At December 31, 2025	390,874	4,800	395,674

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Analyzed for reporting purposes as:			
Non-current liabilities	41,652	35,155	143,458
Current liabilities	6,933	6,372	6,372
	48,585	41,527	149,830

	Assets related
	RMB'000
At January 1, 2023	45,347
Government grants received	10,000
Credited to profit or loss	(6,762)
At December 31, 2023	48,585
Credited to profit or loss	(7,058)
At December 31, 2024	41,527
Government grants received	114,675
Credited to profit or loss	(6,372)
At December 31, 2025	149,830

35. SHARE CAPITAL

The Company was converted to a joint stock company on January 29, 2021, 50,000,000 ordinary shares with par value of RMB1 each were issued and allotted to the respective shareholders of the Company according to the share capital registered under these shareholders on that day. 1 registered capital before the conversion represented 1 share of the joint stock company.

All shares issued by the Company are fully paid domestic shares. The par value is RMB1. The Company's number of shares issued and their nominal value are as follows:

	Number of shares	Share capital
		RMB'000
Authorized, registered and fully paid:		
At January 1, 2023	484,000,000	484,000
Issue of Series G+ capitals *(note)*	63,375,364	63,375
At December 31, 2023, 2024 and 2025	547,375,364	547,375

Note:

i. In June 2023, the Company completed Series G+ financing, with RMB2,700,000,000 invested into the Company, among which RMB63,375,000 was credited to the Company's share capital and the remaining balance was credited as share premium.

36. SHARE-BASED PAYMENT TRANSACTIONS

Restricted Stock Incentive Plans

The Company's share incentive scheme (the "**Share Incentive Scheme**") was adopted for the primary purpose of establishing and improving a long-term incentive mechanism for the Company, to attract and retain talented individuals (the "**Eligible Grantees**"), and to effectively align the interests of shareholders, the Company, and the core team members. Under this scheme, the eligible grantees can subscribe for partnership interest of the employee stock ownership platform (the "**ESOP Platforms**") established solely for the implementation of the scheme.

In November 2019, in adopting the Share Incentive Scheme, two ESOP Platforms, namely Kunshan Qingchuang Investment Partnership Enterprise (Limited Partnership)* ("**Kunshan Qingchuang**") (昆山清創創業投資合夥企業(有限合夥)) and Kunshan Heshi Investment Partnership Enterprise (Limited Partnership)* ("**Kunshan Heshi**") (昆山何施創業投資合夥企業(有限合夥)) were established. In December 2019, 555,556 restricted shares and 770,413 restricted shares were granted to Eligible Grantees through Kunshan Qingchuang and Kunshan Heshi at a price of RMB23 per share capital and RMB33.5 per share capital, respectively, among which, in total 21,158 shares were granted to directors and the rest were granted to employees.

Pursuant to above Share Incentive Scheme, the restricted shares granted shall be vested at the fifth anniversary of the date of grant. If the grantees terminate their labor relationships with the Group within the vesting period, the grantees could request the executive partner of two ESOP Platforms or a third party designated by him to buy back the unvested restricted shares at original consideration plus interests calculated at the benchmark deposit rate promulgated by the People's Bank of China for the corresponding period (simple interest per annum based on the holding period).

The fair value of shares at grant date was valued by directors of the Company with reference to valuation reports carried out by an independent qualified professional valuer, AVISTA, whose address is disclosed in Note 14 to the Historical Financial Information.

* *English name is for identification purpose only.*

The following table discloses the movement of the unvested restricted shares under the Share Incentive Scheme during the Track Record Period:

	Unvested restricted shares	Weighted average grant date fair value per share
		RMB
As at January 1, 2023	27,879,266	0.97
Forfeited	(31,382)	1.59
Granted	31,382	21.17
As at December 31, 2023	27,879,266	0.99
Forfeited	(357,749)	1.59
Granted	357,749	22.89
Vested	(27,879,266)	1.26
As at December 31, 2024 and 2025	—	—

Note: The forfeited restricted shares were re-granted to Eligible Grantees upon the approval of the executive partner of two ESOP Platforms.

Fair value of restricted shares granted

The fair value of the restricted share unit on the grant date was determined based on the difference between the grant date fair value per share of the Company and the subscription price of the restricted share unit. The Group applied option pricing model to determine the underlying equity value of the Company. The fair value of restricted shares at each of grant date in December 2019 and track record period was valued by directors of the Company with reference to a valuation report prepared by AVISTA, key assumptions used in determining the fair value of shares are as follows:

	Restricted share units granted in		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Risk-free interest rate	2.8%	2.4%	1.2%
Volatility	49.1%	52.5%	53.0%

Share-based payment expenses for the restricted shares

The total share-based payment expenses recognized in relation to the restricted shares granted for the Track Record Period are as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cost of sales	246	246	—
Selling and marketing expenses	134	134	—
Research and development expenses	2,627	2,913	—
Administrative expenses	2,201	2,079	—
	5,208	5,372	—

2024 Share Option Scheme

On December 30, 2024, the Company has adopted share option scheme for the primary purpose of providing incentives to attract, retain and motivate eligible persons whose present and potential contributions are important to the success of the Company ("**2024 Share Option Scheme**"). Certain employees of the Company and its subsidiaries, identified as eligible grantees were granted with the 2024 Share Option Scheme. The 3,529,400 share options granted to the eligible grantees are exercisable in three exercise periods after 12 months from the first [REDACTED] day on which the shares are [REDACTED], with the maximum exercisable percentage for each period being 30%, 30% and 40%, respectively.

The fair value of shares at grant date was valued by directors of the Company with reference to valuation reports carried out by an independent qualified professional valuer, AVISTA, whose address is disclosed in Note 14 to the Historical Financial Information.

During the Track Record Period, no expense in relation to the above-mentioned shares granted was recognized as the probability of fulfillment of the vesting conditions have not yet become probable as of end of each reporting periods.

37. PLEDGE OF ASSETS

The following assets have been pledged to various banks for securing of the Group's banking facilities, borrowings, the issue of bills payables or letter of guarantee at the end of each reporting period were summarized below:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Property, plant and equipment	—	15,834	237,655
Right-of-use assets	—	2,098	179,196
Bills receivables	17,756	19,367	41,448
Restricted bank deposits	238,832	471,991	670,816
	256,588	509,290	1,129,115

38. CAPITAL COMMITMENTS

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Capital expenditure in respect of acquisition of assets contracted for but not provided			
— property, plant and equipment and intangible assets	59,591	134,672	309,635
— investment in equity instruments at FVTOCI	1,000	1,000	1,000
	60,591	135,672	310,635

39. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities.

	Borrowings	Redemption liabilities	Lease liabilities	Accrued issue costs	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2023	8,010	3,410,973	14,599	—	3,433,582
Net financing cash flows	141,298	2,700,000	(7,434)	—	2,833,864
Expire of bills discounted to banks that are not derecognized in their entirety	(5,733)	—	—	—	(5,733)
New lease entered	—	—	114,153	—	114,153
Lease termination	—	—	(6,685)	—	(6,685)
Interest expenses	4,590	570,285	2,736	—	577,611
As at December 31, 2023	148,165	6,681,258	117,369	—	6,946,792
Net financing cash flows	10,654	—	(7,574)	—	3,080
Expire of bills discounted to banks that are not derecognized in their entirety	(9,419)	—	—	—	(9,419)
Interest expenses	6,140	497,687	3,680	—	507,507
As at December 31, 2024	155,540	7,178,945	113,475	—	7,447,960
Net financing cash flows	724,781	—	(64,418)	—	660,363
Expire of bills discounted to banks that are not derecognized in their entirety	(46,889)	—	—	—	(46,889)
New lease entered	—	—	175,711	—	175,711
Lease termination	—	—	(5,573)	—	(5,573)
Interest expenses	13,348	533,695	6,676	—	553,719
Deferred issue costs recognized	—	—	—	523	523
As at December 31, 2025	846,780	7,712,640	225,871	523	8,785,814

40. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Financial assets			
Financial assets at amortized cost	3,673,628	2,434,300	2,418,050
Equity instrument at FVTOCI	745	200,745	201,000
Bills receivables at FVTOCI	4,319	20,165	6,195
	3,678,692	2,655,210	2,625,245
Financial liabilities			
Financial liabilities at amortized cost	7,547,145	8,495,201	10,144,047

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Financial assets			
Financial assets at amortized cost	3,245,393	1,762,124	1,448,860
Equity instrument at FVTOCI	—	200,000	200,000
	3,245,393	1,962,124	1,648,860
Financial liabilities			
Financial liabilities at amortized cost	6,957,094	7,314,858	7,909,517

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade, bills and other receivables, equity instruments at FVTOCI, bill receivables at FVTOCI, restricted bank deposits, cash and cash equivalents, trade, bills and other payables, borrowings and redemption liabilities. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk and other price risk), credit risk, and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

The Group's activities expose it primarily to interest rate risk and other price risk.

There has been no change to the Group's exposure to market risk or the manner in which it manages and measures the risk during the years ended December 31, 2023, 2024, and 2025.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to restricted bank deposits, fixed-rate bank borrowing and lease liabilities (details are set out in Note 27, 30 and 31, respectively). The Group is also exposed to cash flow interest rate in relation to variable-rate cash and cash equivalents and borrowings (details are set out in

Note 27 and 30). The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The management will review the proportion of borrowings in fixed and variable rates and ensure they are within reasonable range.

The Group currently does not have formal interest rate hedging policies. The management of the Group monitors the Group's exposures on an on-going basis and will consider hedging interest rate risk should the need arises.

No sensitivity analysis is presented since the management of the Group considers the exposure of cash flow interest rate risk risking from variable-rate cash and cash equivalents and borrowings is insignificant

Other price risk

The Group and the Company are exposed to other price risk arising from redemption liabilities and equity instruments at FVTOCI.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risk at the reporting date for equity instruments at FVTOCI.

If the equity value of the Company had been changed based on the 5% higher/lower, the Group's and the Company's loss for the year ended December 31, 2023 and 2024 and 2025, would increase/decrease by approximately nil, RMB10,000,000 and RMB10,000,000 respectively.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties will default on their contractual obligations resulting in financial loss to the Group. The Group considers all elements of credit risk exposure such as counterparty default risk and sector risk for risk management purposes.

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations at the end of each reporting period in relation to each class of recognized financial assets is the carrying amount of those assets stated in the consolidated statements of financial position.

The Group's credit risk exposures are primarily attributable to trade, bills and other receivables, contract assets, receivables at FVTOCI, restricted bank deposits and cash and cash equivalents. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

In order to minimize the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual receivable at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced.

In addition to the credit risk limit management and other mitigation measures as described above, the Group monitors all financial assets, that are subjected to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the impairment loss allowance based on lifetime ECL rather than 12m ECL.

Trade receivables and contract assets arising from contracts with customers

For trade receivables and contract assets, the Group has applied the simplified approach in IFRS 9 to measure the impairment loss allowance at lifetime ECL. The ECL on trade receivables with high credit risk are assessed on an individually basis and the remaining is assessed collectively based on the past default experience of the debtor, general economic conditions of the industry in which the debtors operate and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group writes off trade receivables when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

In order to minimize credit risk, the Group has tasked its operation management committee to develop and maintain the Group's credit risk grading to categorize exposures according to their degree of risk of default.

The Group has concentration of credit risk of the trade receivables amounting to RMB205,771,000, RMB230,563,000 and RMB287,128,000 due from the Group's five largest customers, respectively, representing 59.39%, 49.72% and 49.39% of total trade receivables, as at December 31, 2023, 2024 and 2025, respectively. The Group's largest trade receivables as at December 31, 2023, 2024 and 2025 were RMB134,988,000, RMB92,275,000 and RMB68,284,000, respectively, representing 38.96%, 19.90% and 11.75% of total trade receivables as at December 31, 2023, 2024 and 2025, respectively.

Other receivables and bills receivables

For other receivables and bills receivables, the Group has applied the general approach in IFRS 9 to measure the impairment loss allowance at 12m ECL, since the directors of the Company assessed that there has not been any significant increase in credit risk.

In determining the ECL, the management of the Group has taken into account the historical credit loss experience based on the past default experience of the counterparty, general economic conditions of the industry in which the counterparty operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Restricted bank deposits, cash and cash equivalents and receivables at FVTOCI

The restricted bank deposits, cash and cash equivalents and receivables at FVTOCI are determined to have low credit risk at the end of each reporting period. The credit risk on restricted bank deposits and cash and cash equivalents, bills receivables and bills receivables at FVTOCI is limited because the counterparties are reputable banks and the risk of inability to pay or redeem at the due date is low.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables/ Contract assets	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL — not credit impaired	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL — not credit impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL — not credit impaired	Lifetime ECL — not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL — credit impaired	Lifetime ECL — credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

The tables below detail the credit risk exposures of the Group's and the Company's financial assets and contract assets which are subject to ECL assessment:

The Group

As at December 31, 2023	Notes	Internal credit rating	12m or lifetime ECL	Gross carrying amount	Average loss rate
				RMB'000	
Trade receivables	24	Low risk	Lifetime ECL (not credit impaired)	258,628	12.61%
Trade receivables	24	Loss	Lifetime ECL (credit impaired)	87,855	100.00%
Contract assets	20	Low risk	Lifetime ECL (not credit impaired)	5,373	6.83%
Bills receivables	24	Low risk	12m ECL	24,815	0.35%
Other receivables	24	Low risk	12m ECL	36,603	1.42%
Other receivables	24	Doubtful	Lifetime ECL (not credit impaired)	1,207	95.01%
Cash and cash equivalents	27	Low risk	12m ECL	3,147,727	Insignificant
Restricted bank deposits	27	Low risk	12m ECL	238,832	Insignificant
Receivables at FVTOCI	25	Low risk	12m ECL	4,319	Insignificant

As at December 31, 2024	Notes	Internal credit rating	12m or lifetime ECL	Gross carrying amount	Average loss rate
				RMB'000	
Trade receivables	24	Low risk	Lifetime ECL (not credit impaired)	383,450	15.71%
Trade receivables	24	Loss	Lifetime ECL (credit impaired)	80,269	100.00%
Contract assets	20	Low risk	Lifetime ECL (not credit impaired)	9,819	7.13%
Bills receivables	24	Low risk	12m ECL	20,579	0.38%
Other receivables	24	Low risk	12m ECL	24,079	0.97%
Other receivables	24	Doubtful	Lifetime ECL (not credit impaired)	18,035	17.10%
Cash and cash equivalents	27	Low risk	12m ECL	1,579,767	Insignificant
Restricted bank deposits	27	Low risk	12m ECL	471,991	Insignificant
Receivables at FVTOCI	25	Low risk	12m ECL	20,165	Insignificant

As at December 31, 2025	Notes	Internal credit rating	12m or lifetime ECL	Gross carrying amount	Average loss rate
				RMB'000	
Trade receivables	24	Low risk	Lifetime ECL (not credit impaired)	507,254	19.65%
Trade receivables	24	Loss	Lifetime ECL (credit impaired)	74,084	100.00%
Contract assets	20	Low risk	Lifetime ECL (not credit impaired)	61,120	8.64%
Bills receivables	24	Low risk	12m ECL	67,464	0.37%
Other receivables	24	Low risk	12m ECL	24,101	0.86%
Other receivables	24	Doubtful	Lifetime ECL (not credit impaired)	14,607	24.70%
Cash and cash equivalents	27	Low risk	12m ECL	1,237,545	Insignificant
Restricted bank deposits	27	Low risk	12m ECL	670,816	Insignificant
Receivables at FVTOCI	25	Low risk	12m ECL	6,195	Insignificant

The Company

As at December 31, 2023	Notes	Internal credit rating	12m or lifetime ECL	Gross carrying amount	Average loss rate
				RMB'000	
Trade receivables	24	Low risk	Lifetime ECL (not credit impaired)	8,654	Insignificant
Other receivables	24	Low risk	12m ECL	833,407	Insignificant
Cash and cash equivalents	27	Low risk	12m ECL	2,401,198	Insignificant
Restricted bank deposits	27	Low risk	12m ECL	2,134	Insignificant

As at December 31, 2024	Notes	Internal credit rating	12m or lifetime ECL	Gross carrying amount	Average loss rate
				RMB'000	
Trade receivables	24	Low risk	Lifetime ECL (not credit impaired)	10,849	Insignificant
Other receivables	24	Low risk	12m ECL	711,778	Insignificant
Cash and cash equivalents	27	Low risk	12m ECL	1,034,410	Insignificant
Restricted bank deposits	27	Low risk	12m ECL	5,086	Insignificant

As at December 31, 2025	Notes	Internal credit rating	12m or lifetime ECL	Gross carrying amount	Average loss rate
				RMB'000	
Contract assets	20	Low risk	Lifetime ECL (not credit impaired)	2,497	8.65%
Trade receivables	24	Low risk	Lifetime ECL (not credit impaired)	58,872	0.07%
Other receivables	24	Low risk	12m ECL	1,259,090	Insignificant
Other receivables	24	Doubtful	Lifetime ECL (not credit impaired)	11	3.81%
Cash and cash equivalents	27	Low risk	12m ECL	98,937	Insignificant
Restricted bank deposits	27	Low risk	12m ECL	36,075	Insignificant

The following table shows the movements in lifetime ECL that have been recognized for trade receivables and contract assets under the simplified approach.

The Group

	Trade receivables (Lifetime ECL)		Contract assets (Lifetime ECL)	
	not credit-impaired	credit-impaired	not credit-impaired	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2023	38,631	58,070	393	97,094
Impairment losses recognized, net of reversal	(6,026)	29,785	(26)	23,733
As at December 31, 2023	32,605	87,855	367	120,827
Impairment losses recognized, net of reversal	27,647	(7,586)	333	20,394
As at December 31, 2024	60,252	80,269	700	141,221
Impairment losses recognized, net of reversal	39,423	(5,804)	4,582	38,201
Impairment losses write-off	—	(381)	—	(381)
As at December 31, 2025	99,675	74,084	5,282	179,041

The Company

	Trade receivables (Lifetime ECL)		Contract assets (Lifetime ECL)	
	not credit-impaired	credit-impaired	not credit-impaired	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2023	10	—	—	10
Impairment losses recognized, net of reversal	(10)	—	—	(10)
As at December 31, 2023	—	—	—	—
Impairment losses recognized, net of reversal	—	—	—	—
As at December 31, 2024	—	—	—	—
Impairment losses recognized, net of reversal	4,125	—	216	4,341
As at December 31, 2025	4,125	—	216	4,341

The following table shows the movement in ECL that has been recognized for other receivables and bills receivables.

The Group

	Other receivables		Bills receivables	
	12m ECL	Lifetime ECL (not credit-Impaired)	12m ECL	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2023	2,313	2	50	2,365
Transfer to lifetime ECL	(144)	144	—	—
Impairment losses recognized, net of reversal	(1,651)	1,001	37	(613)
As at December 31, 2023	518	1,147	87	1,752
Transfer to lifetime ECL	(1,937)	1,937	—	—
Impairment losses recognized, net of reversal	1,652	—	(9)	1,643
As at December 31, 2024	233	3,084	78	3,395
Transfer to lifetime ECL	(98)	98	—	—
Impairment losses recognized, net of reversal	73	425	169	667
As at December 31, 2025	208	3,607	247	4,062

Liquidity risk

The directors of the Company have adopted an appropriate liquidity risk management framework for the management of the Group's short-term and long-term funding and liquidity management requirements. The Group manages liquidity risk by closely and continuously monitoring the Group's consolidated financial position. The directors of the Company monitor the sufficiency of cash flows with availability of internally generated funds and alternative refinancing and extension of due date of bank and other borrowings. The directors of the Company also review the forecasted cash flows on an on-going basis to ensure that the Group will be able to meet its financial obligations falling due and have sufficient capital for operation.

As of December 31, 2025, the Group had net current liabilities of RMB6,418,364,000 and total deficit of RMB4,339,133,000, and the Company had net current liabilities of RMB6,440,721,000 and total deficit of RMB2,911,751,000. In addition, the Group has accumulative losses and generated negative operating cash flow throughout the Track Record Period. The Company issued shares with special rights, including redemption rights, as detailed in Note 32 from 2016 to 2025. As of December 31, 2025, the redemption liabilities arising from such shares with special rights amounted to RMB7,712,640,000. As disclosed in Note 32, subsequent to the Track Record Period, the Company entered into supplementary agreement with all the investors with preferential rights, pursuant to which the redemption features of redemption liabilities have ceased to be effective from the date when the submission of application for the [REDACTED]. In addition, the directors of the Company, has taken into the account of their plan and progress of the [REDACTED] and the likelihood of the occurrence of events as disclosed in Note 32, are of the opinion that the Company does not expect to settle the redemption liabilities in next twelve months from the date of this report according to the Supplemental Agreement. Besides, after the end of the reporting period and up to the date of this report, the Group had received the remaining proceeds of RMB1,900,000,000 from issue of Series H and H+ capitals. The directors of the Company believes that the proceeds of financing could mitigate the liquidity risk of the Group.

The following table details the Group's and the Company's remaining contractual maturity for its non-derivative financial liabilities and lease liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

The Group

	Weighted average interest rate	On demand or less than 1 year	1–2years	2–5years	More than 5 years	Total undiscounted cash flows	Total carrying amounts
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at December 31, 2023							
Borrowings	3.68	8,185	103,650	41,460	—	153,295	148,165
Trade payables	—	130,571	—	—	—	130,571	130,571
Bills payables	—	94,398	—	—	—	94,398	94,398
Other payables	—	492,753	—	—	—	492,753	492,753
Redemption liabilities		6,681,258	—	—	—	6,681,258	6,681,258
Lease liabilities	4.32	49,399	24,497	26,146	30,744	130,786	117,369
		7,456,564	128,147	67,606	30,744	7,683,061	7,664,514
As at December 31, 2024							
Borrowings	3.57	118,742	41,460	—	—	160,202	155,540
Trade payables	—	277,832	—	—	—	277,832	277,832
Bills payables	—	178,300	—	—	—	178,300	178,300
Other payables	—	704,584	—	—	—	704,584	704,584
Redemption liabilities		7,178,945	—	—	—	7,178,945	7,178,945
Lease liabilities	4.31	67,777	8,209	25,841	21,385	123,212	113,475
		8,526,180	49,669	25,841	21,385	8,623,075	8,608,676
As at December 31, 2025							
Borrowings	2.95	246,532	192,475	432,495	—	871,502	846,780
Trade payables	—	574,607	—	—	—	574,607	574,607
Bills payables	—	475,441	—	—	—	475,441	475,441
Other payables	—	534,579	—	—	—	534,579	534,579
Redemption liabilities		7,712,640	—	—	—	7,712,640	7,712,640
Lease liabilities	3.87	47,868	25,909	83,035	100,409	257,221	225,871
		9,591,667	218,384	515,530	100,409	10,425,990	10,369,918

The Company

	Weighted average interest rate	On demand or less than 1 year	1–2years	2–5years	More than 5 years	Total undiscounted cash flows	Total carrying amounts
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at December 31, 2023							
Trade payables	—	8,256	—	—	—	8,256	8,256
Other payables	—	265,782	—	—	—	265,782	265,782
Bills payables	—	1,798	—	—	—	1,798	1,798
Redemption liabilities		6,681,258	—	—	—	6,681,258	6,681,258
		6,957,094	—	—	—	6,957,094	6,957,094
As at December 31, 2024							
Trade payables	—	128,698	—	—	—	128,698	128,698
Other payables	—	7,079	—	—	—	7,079	7,079
Bills payables	—	136	—	—	—	136	136
Redemption liabilities		7,178,945	—	—	—	7,178,945	7,178,945
		7,314,858	—	—	—	7,314,858	7,314,858
As at December 31, 2025							
Trade payables	—	137,839	—	—	—	137,839	137,839
Other payables	—	50,933	—	—	—	50,933	50,933
Bills payables	—	8,105	—	—	—	8,105	8,105
Redemption liabilities		7,712,640	—	—	—	7,712,640	7,712,640
		7,909,517	—	—	—	7,909,517	7,909,517

(c) Fair value measurements of financial instruments

Some of the Group's financial instruments are measured at fair value for financial reporting purposes.

In estimating the fair value, the Group uses market-observable data to the extent it is available. For instruments with significant unobservable inputs under Level 3, the Group engages third party qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

Fair values are categorized into different fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3 fair value measurements are those derived from valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable (significant unobservable input).

(i) ***Fair value of the Group's and the Company's financial assets that are measured at fair value on a recurring basis***

Some of the Group's and the Company's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorized (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

The Group

	Fair value as at December 31,			Fair value hierarchy	Valuation technique and key input	Significant unobservable inputs
	2023	2024	2025			
	RMB'000	RMB'000	RMB'000			
Financial assets:						
Bills receivables at FVTOCI	4,319	20,165	6,195	Level 2	Discounted cash flow method using the discount rate that reflected the credit risk of the corresponding banks which are observable	N/A
Equity instruments at FVTOCI	745	200,745	201,000	Level 3	Market approach. The key inputs include Enterprise Value to Sales ("EV/S") multiples.	EV/S multiples

The Company

	Fair value as at December 31,			Fair value hierarchy	Valuation technique and key input	Significant unobservable inputs
	2023	2024	2025			
	RMB'000	RMB'000	RMB'000			
Financial assets:						
Equity instruments at FVTOCI	—	200,000	200,000	Level 3	Market approach. The key inputs include EV/S multiples	EV/S multiples

There were no transfers between Level 1 and 2 during the Track Record Period.

(ii) ***Reconciliation of Level 3 fair value measurements***

The Group

	Equity instrument at FVTOCI
	RMB'000
As at January 1, 2023 and December 31, 2023	745
Purchased	200,500
Disposals	(500)
As at December 31, 2024	200,745
Purchased	500
Disposals	(245)
As at December 31, 2025	201,000

The Company

	Equity instrument at FVTOCI
	RMB'000
As at January 1, 2023 and December 31, 2023	—
Purchased	200,000
As at December 31, 2024 and 2025	200,000

The fair value of unlisted equity investments remain unchanged during the Track Record Period.

(iii) ***Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis***

Management considers that the carrying amounts of financial assets and financial liabilities recognized in the Historical Financial Information approximate their fair values. Such fair values of financial assets and financial liabilities of the Group are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

41. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities now comprising the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged during the Track Record Period.

The capital structure of the Group consists of net debt, which includes borrowings, lease liabilities and redemption liabilities disclosed in Notes 30, 31 and 32, respectively, net of cash and cash equivalents and equity of the Group, comprising issued share capital, reserves and non-controlling interests.

The management of the Group reviews the capital structure on a regular basis and considers the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through new share issues and raise of new borrowings.

42. RELATED PARTY TRANSACTIONS

(i) Names and relationships of related parties

During the Track Record Period, the directors of the Company are of the view that the following entities are related parties of the Group and the Company:

Name of party	Relationships with the Group
Zhengxiong Power	Associate of the Group
Qingtao Yunneng	Associate of the Group
SAIC Motor Corporation Limited* (上海汽車集團股份有限公司) ("**SAIC**")	Significant influence over the Group
Shanghai Motor Vehicle Testing and Certification Technology Research Center Co., Ltd.* (上海機動車檢測認證技術研究中心有限公司) ("**Shanghai Vehicle Testing**")	Subsidiary of SAIC
Nave Co., Ltd.* (南京依維柯汽車有限公司) ("**Nave**")	Subsidiary of SAIC
Shanghai Fanyi Shangxing Technology Co., Ltd.* (上海帆一尚行科技有限公司) ("**Fanyi Shangxing**")	Subsidiary of SAIC
Shanghai Advanced Traction Battery Systems Co., Ltd.* (上海捷新動力電池系統有限公司) ("**Advanced Traction**")	Subsidiary of SAIC
Shanghai Anyo Energy Technology Co., Ltd.* (上海安悦節能技術有限公司) ("**Anyo Energy**")	Subsidiary of SAIC
IM Motors Technology Co., Ltd.* (智己汽車科技有限公司) ("**IM Motors**")	Subsidiary of SAIC
SAIC Maxus Automotive Co., Ltd.* (上汽大通汽車有限公司) ("**SAIC Maxus**")	Subsidiary of SAIC
Shanghai New Power Automotive Technology Company Limited* (上海新動力汽車科技股份有限公司) ("**Shanghai New Power**")	Subsidiary of SAIC
Nanjing Automobile (Group) Corporation* (南京汽車集團有限公司)("**Nanjing Automobile**")	Subsidiary of SAIC
Beijing Automotive Group Co., Ltd.* (北京汽車集團有限公司) ("**Beijing Automotive**")	Significant influence over the Group
Beijing Calvin New Energy Automobile Co., Ltd.* (北京卡文新能源汽車有限公司) ("**Beijing Calvin**")	Subsidiary of Beijing Automotive
BAIC Foton Motor Co., Ltd.* (北汽福田汽車股份有限公司) ("**BAIC Foton**")	Subsidiary of Beijing Automotive
Henan Foton Zhilan New Energy Vehicle Co., Ltd. (河南福田智藍新能源汽車有限公司) ("**Henan Foton Zhilan**")	Subsidiary of Beijing Automotive

* *English name is for identification purpose only.*

(ii) Material transactions with related parties

Saved as disclosed elsewhere in the Historical Financial Information, the Group and the Company also have the following significant related party transactions.

The Group

(a) ***Sales of products:***

	Nature of transactions	Year ended December 31,		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Qingtao Yunneng	Sale of products	—	11	1,718
SAIC	Sale of products	—	—	1,603
Nave	Sale of products	—	—	187
Zhengxiong Power	Sale of products	—	—	63
IM Motors	Sale of products	—	—	11,289
SAIC Maxus	Sale of products	—	—	455
Nanjing Automobile	Sale of products	—	—	40,775
Beijing Calvin	Sale of products	123	3,412	236
BAIC Foton	Sale of products	—	2,406	161,412
Henan Foton Zhilan	Sale of products	58	—	3,260
		181	5,829	220,998

(b) ***Purchases of goods***

	Nature of transactions	Year ended December 31,		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Zhengxiong Power	Procurement of materials	1,383	7,314	52,707
SAIC	Procurement of materials	—	—	27
Advanced Traction	Procurement of materials	—	58	—
		1,383	7,372	52,734

(c) ***Research and development expenses***

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Fanyi Shangxing	—	—	83

The Company

(a) ***Purchases of goods***

	Nature of transactions	Year ended December 31,		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Zhengxiong Power	Procurement of materials	—	3	2

(iii) Outstanding balances with related parties:

The Group and the Company had outstanding balances due from (to) related parties at December 31, 2023, 2024 and 2025.

The Group

(a) ***Trade, bills and other receivables:***

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade related:			
Zhengxiong Power	—	—	50
SAIC	—	—	1,812
Qingtao Yunneng	—	—	1,035
Nave	—	—	212
IM Motors	—	—	12,756
SAIC Maxus	—	—	513
Nanjing Automobile	—	—	46,076
Beijing Calvin	139	2,119	—
BAIC Foton	—	2,769	96,928
Henan Foton Zhilan	—	—	6,398
	139	4,888	165,780

(b) ***Advances to suppliers:***

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Shanghai New Power	—	—	54
BAIC Foton	—	—	5
	—	—	59

(c) ***Trade, bills and other payables:***

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade related:			
Zhengxiong Power	1,499	6,775	35,988
Shanghai Vehicle Testing	—	952	3,311
Anyo Energy	—	—	2,026
SAIC	—	—	995
Fanyi Shangxing	—	—	83
	1,499	7,727	42,403

The Company

(a) ***Other receivables:***

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Non-trade related:			
Subsidiaries	842,042	722,590	1,270,312

(b) ***Trade and bills payables:***

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade related:			
Anyo Energy	—	—	2,026
Zhengxiong Power	—	3	2
Non-trade related:			
Subsidiaries	267,893	127,385	112,726
	267,893	127,388	114,754

Compensation of key management personnel

The remuneration of directors and supervisors of the Company and other members of key management was as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries and other benefits	4,596	4,608	6,031
Retirement benefit scheme contributions	172	223	272
Share-based payment	1,623	1,772	—
	6,391	6,603	6,303

43. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

As at December 31, 2023, 2024 and 2025 and the date of this report, the Company has direct and indirect equity interests in the following subsidiaries:

Name of subsidiaries	Place of incorporation/ registration /operations	Date of registration incorporation	Paid-in capital/ registered capital	Proportion of ownership interest and voting power held by the Company				Principal activities	Note
				As at December 31,			As at the date of this report		
				2023	2024	2025			
			RMB'000						
Directly held									
Suzhou Qingtao New Energy Technology Co., Ltd.* (蘇州清陶新能源科技有限公司)	PRC	August 22, 2016	1,480,000/ 1,480,000	100%	100%	100%	[100%]	Research and development, sales and production of batteries	a
Suzhou Qingtao Power Technology Co., Ltd.* (蘇州清陶動力科技有限公司)	PRC	March 10, 2021	710,000/ 800,000	100%	100%	100%	[100%]	Production and sales of batteries	b
Qingtao Power Technology (Shanghai) Co., Ltd.* (清陶動力科技(上海)有限公司) ("Qingtao Power Technology")	PRC	November 2, 2023	1,000,000/ 1,000,000	51%	51%	51%	[51%]	Research and development, sales and production of batteries	e
Taizhou Qingtao Energy Technology Co., Ltd.* (台州清陶能源科技有限公司)	PRC	November 30, 2022	130,000/ 500,000	100%	100%	100%	[100%]	Research and development, sales and production of batteries	
Chengdu Qingtao New Energy Technology Co., Ltd.* (成都清陶新能源科技有限公司)	PRC	September 8, 2022	100,000/ 100,000	100%	100%	100%	[100%]	Research and development, production and sales of batteries	c
Qingtao (Wuhai) Energy Technology Co., Ltd.* (清陶(烏海)能源科技有限公司)	PRC	November 23, 2023	227,273/ 227,273	100%	100%	88%	[88%]	Research and development, production and sales of new materials and batteries	
Jiangsu Qingtao Energy Technology Co., Ltd.* (江蘇清陶能源科技有限公司)	PRC	May 21, 2014	102,000/ 102,000	100%	100%	100%	[100%]	Research and development, sales and production of new materials	
Jiangsu Beixin New Energy Technology Co., Ltd.* (江蘇北新能源科技有限公司)	PRC	May 21, 2014	8,333/8,333	60%	60%	60%	[60%]	Echelon utilization and recycling of batteries	
Qingtao (Kunshan) Automation Equipment Co., Ltd.* (清陶(昆山)自動化裝備有限公司)	PRC	July 19, 2016	10,000/ 10,000	100%	100%	100%	[100%]	Research and development, sales and production of automatic equipment	
Huizhou Xinxinhui Automatic Equipment Co., Ltd.* (惠州市新鑫輝自動化設備有限公司)	PRC	June 22, 2016	8,300/8,300	60%	60%	60%	[60%]	Research and development, sales and production of automatic equipment	d
Taizhou Qingtao Trading Co., Ltd.* (台州清陶貿易有限公司)	PRC	December 1, 2022	2,000/5,000	60%	60%	60%	[60%]	Domestic Sales Platform	
Taizhou Qingtao Foreign Trade Co., Ltd.* (台州清陶外貿有限公司)	PRC	December 1, 2022	Nil/1,000	100%	100%	100%	[100%]	Overseas Sales Platform	
Shanghai Qingtao Technology Development Co., Ltd.* (上海清陶科技發展有限公司)	PRC	January 6, 2021	30,600/ 85,000	100%	100%	100%	[100%]	Research and development of batteries	
Qingtao (Beijing) Energy Technology Co., Ltd.* (清陶(北京)能源科技有限公司)	PRC	December 22, 2021	8,000/8,000	100%	100%	100%	[100%]	Research and development of batteries	
Kashi Qingtao New Energy Technology Co., Ltd.* (喀什清陶新能源科技有限公司)	PRC	November 28, 2025	Nil/10,000	N/A	N/A	100%	[100%]	Production and sales of batteries	

Name of subsidiaries	Place of incorporation/ registration /operations	Date of registration incorporation	Paid-in capital/ registered capital	Proportion of ownership interest and voting power held by the Company As at December 31, 2023	2024	2025	As at the date of this report	Principal activities	Note
			RMB'000						
Indirectly held									
Qingtao Power Technology Development (Kunshan) Co., Ltd.* (清陶動力科技發展(昆山)有限公司) ("Qingtao Power Technology Kunshan")	PRC	October 28, 2025	100,000/ 100,000	N/A	N/A	51%	[51%]	Production and sales of batteries	
Yichun Qingtao Energy Technology Co., Ltd.* (宜春清陶能源科技有限公司)	PRC	December 20, 2017	215,000/ 300,000	100%	100%	100%	[100%]	Production and sales of batteries	
Guizhou North New Energy Technology Co., Ltd.* (貴州北新能源科技有限公司)	PRC	May 16, 2018	20,000/ 20,000	60%	60%	60%	[60%]	Echelon utilization and recycling of batteries	
Jiangsu Qingyuan Advanced Materials Technology Co., Ltd.* (江蘇清源新材料科技有限公司)	PRC	February 1, 2018	20,000/ 20,000	100%	100%	100%	[100%]	Research and development, sales and production of new materials	
Jiangsu Qinghe Materials Technology Co., Ltd.* (江蘇清荷材料科技有限公司)	PRC	January 14, 2019	21,530/ 111,111	90%	90%	90%	[90%]	Production and sales of new materials	
Jiangsu Xinxinhui Automatic Equipment Co., Ltd.* (江蘇新鑫輝自動化設備有限公司)	PRC	March 11, 2019	30,000/ 30,000	60%	60%	60%	[60%]	Research and development, sales and production of automatic equipment	f
Shanghai Qingtao New Energy Technology Co., Ltd.* (上海清陶新能源科技有限公司)	PRC	July 27 2020	2,000/2,000	100%	100%	100%	[100%]	Research and development, and sales of batteries	
Jinan Qingtao New Energy Technology Co., Ltd.* (濟南清陶新能源科技有限公司)	PRC	February 9, 2021	Nil/500	95%	95%	95%	[95%]	Research and development, and sales of batteries	
Beijing Qingcai New Energy Technology Co., Ltd.* (北京清材新能源科技有限公司)	PRC	August 27, 2025	Nil/5,000	N/A	N/A	88%	[88%]	Research and development, and sales of new materials	

* *English name is for identification purpose only.*

All subsidiaries now comprising the Group are limited liability companies and have adopted December 31 as their financial year end date.

Notes:

(a) The statutory financial statements of the entities for the years ended December 31, 2023 and 2024 were prepared in accordance with China Accounting Standards for Business Enterprise ("CASBE") and were audited by 容誠會計師事務所(特殊普通合夥), certified public accountants registered in the PRC.

(b) The statutory financial statements of this entity for the years ended December 31, 2023 and 2024 were prepared in accordance with CASBE and were audited by 北京起勝會計師事務所(普通合夥) and 容誠會計師事務所(特殊普通合夥), respectively, both are certified public accountants registered in the PRC.

(c) The statutory financial statements of this entity for the years ended December 31, 2023 and 2024 were prepared in accordance with CASBE and were audited by 四川德維會計師事務所有限責任公司, certified public accountants registered in the PRC.

(d) The statutory financial statements of the entities for the years ended December 31, 2023 and 2024 were prepared in accordance with CASBE and were audited by 東莞市廣穗會計師事務所(普通合夥), certified public accountants registered in the PRC.

(e) The statutory financial statements of this entity for the years ended December 31, 2023, 2024 and 2025 were prepared in accordance with CASBE. The statutory financial statements for the years ended December 31, 2023 and 2024 were audited by 容誠會計師事務所(特殊普通合夥), certified public accountants registered in the PRC. The statutory financial statements for the years ended December 31, 2025 was audited by 中興華會計師事務所(特殊普通合夥), certified public accountants registered in the PRC.

(f) The statutory financial statements of the entities for the years ended December 31, 2023 and 2024 were prepared in accordance with CASBE and were audited by 江蘇省淮安市國源税務師事務所有限公司, certified public accountants registered in the PRC.

(g) The statutory financial statements in respect of certain subsidiaries of the Company for the years ended December 31, 2023 2024 and 2025, have not been audited as these subsidiaries are not subject to statutory audit requirements.

The table below shows details of non-wholly-owned subsidiary of the Group that have material non-controlling interests:

Name of subsidiaries	Place of incorporation and principal place of business	Proportion of ownership interest and voting power held by non-controlling interest			Loss allocated to non-controlling interest			Accumulated non-controlling interest		
		As at December 31,			Year ended December 31,			As at December 31,		
		2023	2024	2025	2023	2024	2025	2023	2024	2025
Qingtao Power Technology* *(Note)*	PRC	49%	49%	49%	(16,580)	(26,727)	(73,738)	189,220	162,493	372,955
Individually immaterial subsidiaries with non-controlling interests								14,815	9,302	49,755
								204,035	171,795	422,709

* *excluding non-controlling interests of Qingtao Power Technology's subsidiary*

Note: Qingtao Power Technology, previously named as Shanghai SAIC Qingtao Energy Technology Co., Ltd.* (上海上汽清陶能源科技有限公司), was established in November 2023. The non-controlling shareholder was SAIC Motor Corporation Limited.* (上海汽車集團股份有限公司) ("**SAIC**"), owned 49% of the shares. In October 2025, SAIC entered into an equity transfer agreement with Huayu Automotive Systems Company Limited* (華域汽車系統股份有限公司) ("**Huayu Automotive**"), its subsidiary in which SAIC holds a 58.32% equity interest, to transfer all of the 49% equity interest in Qingtao Power Technology to Huayu Automotive. In accordance with the articles of association, the Company can exercise control over Qingtao Power Technology, which is accordingly accounted for as a subsidiary.

* *English name is for identification purpose only.*

44. INVESTMENTS IN SUBSIDIARIES

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cost of investments, unlisted	2,023,723	3,088,031	3,383,831
Impairment loss of investments	(86,957)	(87,573)	(95,573)
	1,936,766	3,000,458	3,288,258

45. MOVEMENTS OF THE COMPANY'S RESERVES

	Share premium	Share-based payments reserve	Other reserves	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2023	1,922,916	15,443	(2,839,247)	(757,886)	(1,658,774)
Loss and total comprehensive expense for the year	—	—	—	(573,356)	(573,356)
Issue of Series G+ capitals *(Note 35)*	2,636,625	—	—	—	2,636,625
Recognition of equity-settled share-based payments	—	5,208	—	—	5,208
Recognition of redemption liabilities *(Note 32)*	—	—	(2,700,000)	—	(2,700,000)
As at December 31, 2023	4,559,541	20,651	(5,539,247)	(1,331,242)	(2,290,297)
Loss and total comprehensive expense for the year	—	—	—	(509,516)	(509,516)
Recognition of equity-settled share-based payments	—	5,372	—	—	5,372
As at December 31, 2024	4,559,541	26,023	(5,539,247)	(1,840,758)	(2,794,441)
Loss and total comprehensive expense for the year	—	—	—	(664,685)	(664,685)
As at December 31, 2025	4,559,541	26,023	(5,539,247)	(2,505,443)	(3,459,126)

46. RETIREMENT BENEFITS PLANS

The employees of the Group entities in the PRC are members of the state-sponsored retirement benefit scheme organized by the relevant local government authority in the PRC. The PRC entities are required to contribute, based on a certain percentage of the payroll costs of its employees, to the retirement benefit scheme and have no further obligations for the actual payment of pensions or post-retirement benefits beyond the annual contributions. Contributions to the scheme vest immediately, there is no forfeited contributions that may be used by the Group to reduce the existing level of contribution.

For the years ended December 31, 2023, 2024 and 2025, the total amount provided by the Group to the scheme in the PRC and charged to profit or loss are RMB11,965,000, RMB19,109,000 and RMB28,262,000, respectively.

47. SUBSEQUENT EVENTS

Saved as disclosed in Notes 2, and 32 to the Historical Financial Information, there is no other significant event took place after the Track Record Period and up to the date of this report.

48. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company or any of its subsidiaries have been prepared in respect of any period subsequent to December 31, 2025 and up to the date of this report.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

This Appendix sets forth a summary of the principal provisions of the Articles of Association adopted by shareholders' resolution on Tuesday, 17 March 2026, which shall take effect on the [REDACTED] of the H Shares on the Stock Exchange. The primary purpose of this Appendix is to provide potential [REDACTED] with an overview of the Articles of Association, and therefore may not include all information that is material to potential [REDACTED].

The full text of the Articles of Association in Chinese is available for inspection as described in the Appendix "Appendix V — Documents Delivered to the Registrar of Companies in Hong Kong and Available for Inspection".

DIRECTORS AND THE BOARD OF DIRECTORS

Power to Allot and Issue Shares

The Articles of Association do not contain provisions granting the Board of Directors the power to allot or issue shares. The Board of Directors shall formulate proposals regarding capital, issuance of bonds or other securities, and [REDACTED], and submit the same for approval by the general meeting. Any allotment or issuance of shares shall be conducted in accordance with procedures prescribed by applicable laws, administrative regulations, and regulatory rules.

Power to Dispose of Assets of the Company or any of its Subsidiaries

The Board of Directors shall determine the authority for external investments, acquisition and disposal of assets, asset mortgages, external guarantees, entrustment of wealth management, connected transactions, and external donations, and establish strict review and decision-making procedures; material investment projects shall be submitted to the general meeting for approval.

Compensation or Payment upon Removal

Shareholders have the right to remove any Director by ordinary resolution at a general meeting before the expiration of his/her term of office; however, such removal shall not affect any claim for damages that the Director may have under any contract.

Loans to Directors

The Articles of Association contain no provisions regarding loans to Directors.

Financial Assistance for the Purchase of Shares in the Company or any of its Subsidiaries

The Company or its subsidiaries shall not provide financial assistance to any person for the acquisition of shares of the Company by way of gift, advance, guarantee, loan, or otherwise, except in the case of the implementation of an employee share ownership plan by the Company.

For the benefit of the Company, the Company may provide financial assistance to any person for the acquisition of shares of the Company pursuant to a resolution of the general meeting, or a resolution made by the Board of Directors in accordance with the Articles of Association or the authorization of the general meeting; provided that the cumulative total amount of financial assistance shall not exceed ten per cent (10%) of the total issued share capital. A resolution of the Board of Directors in this regard shall be approved by not less than two-thirds of all Directors. Where the Company or its subsidiaries implement such actions, they shall comply with the provisions of laws, administrative regulations, securities regulatory authorities, and stock exchanges in the place where the Company's shares are [REDACTED].

Disclosure of Interests in Contracts with the Company or its Subsidiaries

No Director may, directly or indirectly, enter into any contract or transaction with the Company without reporting to the Board of Directors or the general meeting and obtaining approval by resolution of the Board of Directors or the general meeting.

Remuneration

The appointment and removal of members of the Board of Directors, together with their remuneration and method of payment, shall be determined by ordinary resolution of the general meeting.

Retirement, Appointment and Removal

The Board of Directors shall consist of nine Directors, comprising three Independent Non-executive Directors. Directors of the Company shall be elected at the general meeting. The Company shall have one Director representing employees, who shall be elected by the employees' representative congress.

The Board of Directors shall have one Chairman. The Chairman shall be elected by more than half of all Directors. Directors shall be elected or replaced by the general meeting, and may be removed from office by ordinary resolution of the general meeting prior to the expiry of their term of office.

The term of office of the Chairman and other Directors shall be three years per term. Upon expiry of the term, re-election is permitted. The term of office of a Director shall commence from the date of assumption of office and shall expire upon the expiry of the term of office of the current session of the Board of Directors. If the Directors are not re-elected in a timely manner upon expiry of their term of office, the original Directors shall continue to perform their duties as Directors in accordance with laws, administrative regulations, departmental rules, and the provisions of the Articles of Association until the newly elected Directors assume office.

Directors may concurrently serve as the General Manager or other senior management personnel; provided that the total number of Directors concurrently serving as the General Manager or other senior management personnel, together with Directors representing employees, shall not exceed one-half of the total number of Directors of the Company. No person may serve as a Director or senior management personnel of the Company if any of the following circumstances applies:

(i) having no capacity or limited capacity for civil conduct;

(ii) having been sentenced to a criminal penalty for corruption, bribery, misappropriation of property, embezzlement of property, or disruption of the socialist market economic order, or having been deprived of political rights for criminal offences, where not more than five years have elapsed since the completion of the execution of the sentence, or where a suspended sentence was pronounced, not more than two years have elapsed since the completion of the probation period;

(iii) having served as a Director, factory manager, or manager of a company or enterprise that was liquidated due to bankruptcy, and bearing personal liability for such bankruptcy, where not more than three years have elapsed since the completion of the bankruptcy liquidation of such company or enterprise;

(iv) having served as the legal representative of a company or enterprise whose business license was revoked or which was ordered to close down due to violation of law, and bearing personal liability therefor, where not more than three years have elapsed since the date of revocation of the business license;

(v) being listed by the People's Court as a dishonest judgment debtor for failing to discharge a significant personal debt when due;

(vi) having been subject to administrative penalties by the China Securities Regulatory Commission (CSRC) within the last three years, or having been subject to market entry restrictions by the CSRC, where the restriction period has not yet expired;

(vii) being under investigation by judicial authorities for suspected criminal offences or being under investigation by the CSRC for suspected violations of laws or regulations, where no definitive conclusion has yet been reached;

(viii) being publicly determined by a stock exchange as unsuitable to serve as a Director of a [REDACTED] company, where the determination period has not yet expired;

(ix) being publicly determined by a stock exchange as unsuitable to serve as a Director or senior management personnel of a company, where the determination period has not yet expired;

(x) other circumstances prescribed by laws, administrative regulations, departmental rules, or securities regulatory rules in the place where the Company's shares are [REDACTED].

Any election, appointment, or engagement of a Director or other senior management personnel in violation of the provisions of the Articles of Association shall be invalid. Where a Director or senior management personnel falls under any of the above circumstances during his/her term of office, the Company shall remove him/her from office.

Borrowing Powers

The Board of Directors has the power to formulate proposals for the issuance of bonds or other securities by the Company. Matters exceeding the scope of authorization of the general meeting shall be submitted to the general meeting for consideration.

Amendment of the Articles of Association

The Company shall amend its Articles of Association in any of the following circumstances:

(i) where matters provided in the Articles of Association conflict with provisions of amended laws, administrative regulations, or regulatory rules in the place where the Company's shares are [REDACTED] after amendment of the Company Law or relevant laws, administrative regulations, or regulatory rules in the place where the Company's shares are [REDACTED];

(ii) where the circumstances of the Company have changed such that they are inconsistent with matters recorded in the Articles of Association;

(iii) where the general meeting has resolved to amend the Articles of Association.

Where amendments to the Articles of Association passed by resolution of the general meeting require approval by the competent authority, such approval shall be sought; where amendments involve company registration matters, change of registration shall be effected in accordance with law.

The Board of Directors shall amend the Articles of Association of the Company in accordance with the resolution of the general meeting amending the Articles of Association and the approval opinions of the relevant competent authorities.

Where amendments to the Articles of Association constitute information required to be disclosed by laws and regulations, such amendments shall be announced in accordance with relevant provisions.

Alteration of Rights of Existing Shares or Classes of Shares

Not applicable.

Special Resolutions — Required Majority

Resolutions of the general meeting are classified as ordinary resolutions and special resolutions. Ordinary resolutions shall be passed by more than half of the voting rights held by shareholders (including their proxies) present at the general meeting. Special resolutions shall be passed by not less than two-thirds of the voting rights held by shareholders (including their proxies) present at the general meeting.

Voting Rights (Generally and by Poll)

Shareholders (including their proxies) shall exercise voting rights according to the number of voting shares they represent, with one vote for each share.

Shareholders who are required under the Hong Kong Listing Rules to abstain from voting or to vote for or against a particular matter shall abstain from voting or vote as prescribed; votes cast by shareholders or their proxies in contravention of relevant provisions or restrictions shall not be counted in the voting results.

Shares held by the Company in itself carry no voting rights, and such shares shall not be counted in the total number of voting shares present at the general meeting.

When the general meeting considers matters concerning connected transactions, connected shareholders shall not participate in the voting, and the number of voting shares they represent shall not be counted in the total number of valid votes; announcements of resolutions of the general meeting shall fully disclose the voting results of non-connected shareholders (subject to the provisions of the Hong Kong Stock Exchange).

Connected shareholders shall voluntarily apply for abstention. Where connected shareholders do not voluntarily apply for abstention, other shareholders with knowledge thereof have the right to require them to abstain.

Voting at the general meeting shall be by way of poll. The same voting right may only select one method of voting, either on-site or otherwise. Where the same voting right is cast repeatedly, the first voting result shall prevail.

Shareholders present at the general meeting shall express one of the following opinions on proposals submitted for voting: for, against, or abstain. Except where a securities registration and settlement institution, as the nominal holder of shares under the Mainland and Hong Kong Stock Connect mechanism, makes declarations according to the intentions of the actual holders.

Voting ballots that are not completed, incorrectly completed, or illegible, and ballots not cast, shall be deemed as abstentions by the voters, and the voting results for the number of shares held by such voters shall be counted as "abstain".

Regulations concerning Annual General Meetings

General meetings are classified as annual general meetings and extraordinary general meetings. Annual general meetings shall be held once each year, within six months after the end of the preceding financial year.

ACCOUNTING AND AUDIT

Financial and Accounting Policies

The Company shall formulate its financial and accounting systems in accordance with laws, administrative regulations, departmental rules, and provisions of relevant state departments.

The Company's interim financial reports and annual financial reports shall be prepared and announced in accordance with provisions of laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, and other securities regulatory rules in the place where the Company's shares are [REDACTED]. Save for the statutory accounting books, the Company shall not maintain other accounting books. The assets of the Company shall not be stored in accounts opened in the name of any individual.

Appointment and Removal of the Accounting Firm

The Company shall engage an accounting firm that complies with the provisions of the Securities Law and the Hong Kong Listing Rules to audit the accounting statements, verify net assets, and provide other related consultancy services. The term of engagement shall be one year and may be renewed. The appointment, removal, and renewal of the accounting firm by the Company must be determined by more than half of the shareholders at the general meeting. The Board of Directors shall not appoint, remove, or renew the accounting firm prior to a determination by the general meeting. The Company shall ensure that the appointed accounting firm is provided with true and complete accounting vouchers, accounting books, financial accounting reports, and other accounting materials, and shall not refuse to provide, conceal, or misrepresent such materials.

The audit fees of the accounting firm shall be determined by the general meeting. Where the Company removes the accounting firm or does not renew its appointment, the general meeting shall make a determination and notify the accounting firm 15 days in advance. When the general meeting of the Company votes on the removal of the accounting firm, the accounting firm shall be permitted to present its opinions. Where the accounting firm resigns, it shall explain to the general meeting whether there are any improper circumstances in the Company.

Notices and Agenda of General Meetings

The general meeting is the organ of power of the Company. The Company shall convene an extraordinary general meeting within two months from the date of occurrence of any of the following circumstances:

(i) when the number of Directors is less than the number prescribed by the Company Law or less than two-thirds of the number prescribed by the Articles of Association;

(ii) when the unrecovered losses of the Company amount to one-third of the total paid-up share capital;

(iii) when shareholder(s) holding, individually or in aggregate, not less than 10% of the shares of the Company so request;

(iv) when the Board of Directors deems it necessary;

(v) when the Audit Committee proposes to convene a meeting;

(vi) other circumstances prescribed by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, or the Articles of Association.

General meetings shall be convened by the Board of Directors or other conveners in accordance with law. Independent Non-executive Directors have the right to propose to the Board of Directors to convene an extraordinary general meeting. The Board of Directors shall, in accordance with laws, administrative regulations, departmental rules, normative documents, the Hong Kong Listing Rules, and the Articles of Association, provide written feedback agreeing or disagreeing to convene an extraordinary general meeting within ten days after receiving the proposal from the Independent Non-executive Directors. Where the Board of Directors agrees to convene an extraordinary general meeting, it shall issue a notice convening such extraordinary general meeting within five days after passing the Board resolution; where the Board of Directors disagrees to convene an extraordinary general meeting, it shall explain the reasons and issue an announcement.

The Audit Committee has the right to propose to the Board of Directors in writing to convene an extraordinary general meeting. The Board of Directors shall, in accordance with laws, administrative regulations, the Hong Kong Listing Rules, and the Articles of Association, provide written feedback agreeing or disagreeing to convene an extraordinary general meeting within ten days after receiving the proposal. Where the Board of Directors agrees to convene an extraordinary general meeting, it shall issue a notice convening the general meeting within five days after the Board resolution is passed. Any changes to the original proposal in the notice shall be subject to the consent of the Audit Committee. Where the Board of Directors disagrees to convene an extraordinary general meeting, or fails to provide feedback within ten days after receiving the proposal, it shall be deemed that the Board of Directors is unable or fails to perform its duty to convene the general meeting, and the Audit Committee may convene and preside over the meeting itself.

Shareholders holding, individually or in aggregate, not less than 10% of the shares of the Company have the right to request the Board of Directors to convene an extraordinary general meeting, and shall submit such request to the Board of Directors in writing. The Board of Directors shall, in accordance with laws, administrative regulations, the Hong Kong Listing Rules, and the Articles of Association, provide written feedback agreeing or disagreeing to convene an extraordinary general meeting within ten days after receiving the request. Where the Board of Directors agrees to convene an extraordinary general meeting, it shall issue a notice convening the general meeting within five days after the Board resolution is passed. Any changes to the original request in the notice shall be subject to the consent of the relevant shareholders.

Where the Board of Directors disagrees to convene an extraordinary general meeting, or fails to provide feedback within ten days after receiving the request, shareholders holding, individually or in aggregate, more than 10% of the shares of the Company have the right to propose to the Audit Committee to convene an extraordinary general meeting, and shall submit such request to the Audit Committee in writing. Where the Audit Committee agrees to convene an extraordinary general meeting, it shall issue a notice convening the general meeting within five days after receiving the request. Any changes to the original request in the notice shall be subject to the consent of the relevant shareholders. Where the Audit Committee fails to issue a notice of general meeting within the prescribed period, it shall be deemed that the Audit Committee does not convene and preside over the general meeting, and shareholders holding, individually or in aggregate, more than 10% of the shares of the Company for not less than 90 consecutive days may convene and preside over the general meeting themselves.

When the Company convenes a general meeting, the Board of Directors, the Audit Committee, and shareholders holding, individually or in aggregate, not less than 1% of the shares of the Company have the right to propose motions to the Company. Shareholders holding, individually or in aggregate, not less than 1% of the shares of the Company may submit extraordinary motions in writing to the convener ten days prior to the general meeting. The convener shall, within two days after receiving the motion, issue a supplementary notice of general meeting announcing the contents of the extraordinary motion.

Except as provided in the preceding paragraph, the convener shall not amend motions already listed in the notice of general meeting or add new motions after issuing the notice and announcement of the general meeting. Motions not listed in the notice of general meeting or not complying with the Articles of Association shall not be voted on or resolved by the general meeting.

The convener shall notify all shareholders by announcement not less than 20 days prior to the date of the annual general meeting. The convener shall notify all shareholders by announcement not less than 15 days prior to the date of the meeting. In calculating the commencement period, the day of the meeting shall not be included.

Notices of general meetings shall be in writing and shall include the following contents:

(i) the time, venue, and duration of the meeting;

(ii) matters and motions to be submitted to the meeting for consideration;

(iii) a clear statement in writing that all shareholders are entitled to attend the general meeting, and may appoint a proxy in writing to attend the meeting and vote on their behalf, and such proxy need not be a shareholder of the Company;

(iv) the share registration date for shareholders entitled to attend the general meeting;

(v) the name and telephone number of the permanent contact person for meeting affairs.

The notice and supplementary notice of the general meeting shall fully and completely disclose all specific contents of all motions. Where matters to be discussed require opinions from Independent Non-executive Directors, the opinions and reasons of the Independent Non-executive Directors shall be disclosed simultaneously when publishing the notice or supplementary notice of the general meeting.

Resolutions of the general meeting are classified as ordinary resolutions and special resolutions. The following matters shall be passed by ordinary resolution of the general meeting:

(i) work reports of the Board of Directors;

(ii) profit distribution plans and loss recovery plans formulated by the Board of Directors;

(iii) appointment and removal of members of the Board of Directors and their remuneration and method of payment;

(iv) resolutions on the appointment and removal of the accounting firm and its remuneration;

(v) annual reports of the Company;

(vi) other matters except those that shall be passed by special resolution as prescribed by laws, administrative regulations, the Hong Kong Listing Rules, or the Articles of Association.

The following matters shall be passed by special resolution of the general meeting:

(i) increase or reduction of the registered capital of the Company;

(ii) division, merger, dissolution, and liquidation of the Company and change of the corporate form;

(iii) amendment of the Articles of Association;

(iv) purchase or sale of material assets within one year or provision of guarantees to others exceeding 30% of the total audited assets of the Company in the most recent period;

(v) equity incentive plans;

(vi) other matters prescribed by laws, administrative regulations, the Hong Kong Listing Rules, or the Articles of Association, and other matters that the general meeting determines by ordinary resolution will have a material impact on the Company and require passage by special resolution.

Transfer of Shares

Shares issued by the Company prior to its [REDACTED] shall not be transferred within one year from the date of [REDACTED] and [REDACTED] of the Company's shares on a stock exchange.

Directors and senior management personnel of the Company shall declare to the Company the shares of the Company held by them and any changes thereto. During their term of office, the shares transferred each year shall not exceed 25% of the total number of shares of the same class held by them. The shares held by them shall not be transferred within one year from the date of [REDACTED] and [REDACTED] of the Company's shares. The above-mentioned personnel shall not transfer the shares held by them within six months after leaving office.

The Company's Right to Purchase its Own Shares

The Company shall not acquire its own shares. However, the following circumstances are excepted:

(i) reduction of the registered capital of the Company;

(ii) merger with another company holding shares of the Company;

(iii) use of shares for employee share ownership plans or equity incentives;

(iv) shareholders demanding the Company to acquire their shares due to dissent with resolutions of the general meeting regarding merger or division of the Company;

(v) use of shares for conversion of corporate bonds issued by the Company that are convertible into shares;

(vi) necessity for maintaining the value of the Company and the rights and interests of shareholders;

(vii) other circumstances permitted by laws, administrative regulations, and securities regulatory rules in the place where the Company's shares are [REDACTED].

Power of Any Subsidiary of the Issuer to Own Shares in its Holding Company

Not applicable.

Dividends and Other Methods of Distribution

After recovering losses and allocating profits to the statutory reserve funds, the remaining after-tax profits shall be distributed in proportion to the shares held by shareholders, except where distribution is not made in proportion to shareholdings as provided in the Articles of Association.

Proxies of Shareholders

Any shareholder entitled to attend and vote at a general meeting may attend the meeting in person or appoint one person (who need not be a shareholder) as his/her proxy to attend or vote on his/her behalf.

The power of attorney issued by a shareholder appointing another person to attend the general meeting shall contain the following particulars:

(i) the name of the principal, the class and number of shares held in the Company;

(ii) the name of the proxy;

(iii) specific instructions from the shareholder, including instructions on voting for, against, or abstaining on each matter included in the agenda of the general meeting; and specific instructions on whether the proxy has voting rights on extraordinary motions that may be included in the agenda of the general meeting, and if so, what voting rights shall be exercised;

(iv) the date of issue and validity period of the power of attorney;

(v) the signature (or seal) of the principal. Where the principal is a corporate shareholder, the seal of the legal entity or signature by a duly authorized person shall be affixed.

The power of attorney shall specify whether the proxy may vote according to his/her own intention if the shareholder does not give specific instructions.

Where the proxy voting power of attorney is signed by a person authorized by the principal, the authorization letter or other authorization documents authorizing the signature shall be notarized. The notarized authorization letter or other authorization documents, together with the proxy voting power of attorney, shall be deposited at the Company's domicile or such other place as specified in the notice convening the meeting. Where the principal is a legal person, its legal representative or a person authorized by resolution of the Board of Directors or other decision-making body shall attend the general meeting of the Company as its representative. Where the principal is an unincorporated organization, its person in charge or personnel authorized by resolution of the decision-making body shall attend the general meeting of the Company as its representative.

Where a shareholder is a recognized clearing house (or its nominee) as defined in relevant ordinances enacted under the laws of Hong Kong from time to time, such shareholder may authorize one or more person(s) as it deems fit to attend any general meeting as its representative; provided that where more than one person is authorized, the power of attorney shall specify the number and class of shares in respect of which each such person is authorized, and shall be signed by an authorized person of the recognized clearing house. A person authorized in this manner may attend the meeting on behalf of the recognized clearing house (or its nominee) (without the need to produce share certificates, notarized

authorization, and/or further evidence of due authorization), and exercise statutory rights (including the right to speak and vote) identical to those of other shareholders, as if such person were an individual shareholder of the Company.

Calls on Shares and Forfeiture of Shares

Not applicable.

Inspection of Register of Members

The Company shall establish a register of members. Shareholders shall enjoy rights and assume obligations according to the class of shares they hold; shareholders holding shares of the same class shall enjoy equal rights and assume the same obligations.

The transfer and transmission of shares shall be registered in the register of members. The original of the register of members for overseas [REDACTED] foreign shares [REDACTED] in Hong Kong shall be kept in Hong Kong.

The entrusted overseas agent shall ensure the consistency between the original and duplicate of the register of members for overseas [REDACTED] foreign shares at all times. The duplicate of the register of members kept in Hong Kong shall be available for inspection by shareholders, but the Company may suspend the registration of transfers in accordance with terms equivalent to those under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

When the Company convenes a general meeting, distributes dividends, conducts liquidation, or engages in other acts requiring confirmation of shareholder identity, the Board of Directors or the convener of the general meeting shall determine the share registration date. Shareholders registered in the register of members on the share registration date shall be shareholders entitled to relevant rights and interests.

Quorum for Meetings and Separate Meetings of Classes

Not applicable.

Rights of Minority Shareholders in the Event of Fraud or Oppression

Where Directors (other than members of the Audit Committee) and senior management personnel cause losses to the Company through violation of laws, administrative regulations, or the provisions of the Articles of Association in the performance of their duties, shareholders holding, individually or in aggregate, not less than 1% of the shares of the Company for not less than 180 consecutive days have the right to request the Audit Committee in writing to institute proceedings with the People's Court; where the Audit Committee causes losses to the Company through violation of laws, administrative regulations, or the provisions of the Articles of Association in the performance of its duties, the aforementioned shareholders may request the Board of Directors in writing to institute proceedings with the People's Court.

Where the Audit Committee or the Board of Directors refuses to institute proceedings after receiving the written request from the shareholders as prescribed in the preceding paragraph, or fails to institute proceedings within 30 days after receiving the request, or where the circumstances are urgent and failure to institute proceedings immediately will cause irreparable damage to the interests of the Company, the shareholders prescribed in the preceding paragraph have the right to institute proceedings directly with the People's Court in their own name for the benefit of the Company.

Where shareholders of the Company abuse shareholder rights and cause losses to the Company or other shareholders, they shall bear compensation liability in accordance with law. Where shareholders of the Company abuse the independent legal person status of the Company and the limited liability of shareholders to evade debts, thereby seriously damaging the interests of creditors of the Company, they shall bear joint and several liability for the debts of the Company.

The controlling shareholders and actual controllers of the Company shall not use their connected relationships to damage the interests of the Company or other shareholders. Controlling shareholders and actual controllers of the Company shall exercise rights and perform obligations in accordance with laws, administrative regulations, the CSRC, and stock exchange provisions, and safeguard the interests of the Company.

Where controlling shareholders and actual controllers of the Company instruct Directors or senior management personnel to engage in acts damaging the interests of the Company or shareholders, they shall bear joint and several liability with such Directors and senior management personnel.

Liquidation Procedures

The Company shall be dissolved for the following reasons:

(i) occurrence of dissolution events prescribed in the Articles of Association;

(ii) resolution of the general meeting to dissolve the Company;

(iii) necessity of dissolution due to merger or division of the Company;

(iv) revocation of business license, order to close down, or revocation according to law;

(v) serious difficulties in the operation and management of the Company, where continued existence will cause significant losses to shareholders' interests, and cannot be resolved through other means, shareholders holding more than 10% of the total voting rights of the Company may request the People's Court to dissolve the Company.

Where the Company is dissolved due to the circumstances set out in items (i), (ii), (iv), and (v) of the preceding paragraph, a liquidation group shall be established and liquidation shall commence within 15 days from the date of occurrence of the dissolution event. The liquidation group shall be composed of Directors. Where liquidation obligors fail to perform their liquidation obligations in a timely manner and cause losses to the Company or creditors, they shall bear compensation liability.

The liquidation group shall notify creditors within ten days from the date of establishment, and shall publish an announcement in newspapers or the National Enterprise Credit Information Publicity System within 60 days. Creditors shall declare their claims to the liquidation group within 30 days from the date of receipt of the notice, or within 45 days from the date of the announcement for creditors who have not received the notice.

When declaring claims, creditors shall explain the relevant matters of the claims and provide supporting documents. The liquidation group shall register the claims. During the period for declaration of claims, the liquidation group shall not make payment to creditors.

After sorting out the property of the Company and preparing the balance sheet and inventory of assets, the liquidation group shall formulate a liquidation plan and submit it to the general meeting or the People's Court for confirmation. The remaining property of the Company, after payment of liquidation expenses, wages and salaries of employees, social insurance premiums, and statutory

compensation, payment of outstanding taxes, and settlement of the Company's debts, shall be distributed by the Company in proportion to the shares held by shareholders. During the liquidation period, the Company continues to exist but may not engage in operating activities unrelated to liquidation. The property of the Company shall not be distributed to shareholders before settlement in accordance with the preceding paragraph.

Where the liquidation group discovers, after sorting out the property of the Company and preparing the balance sheet and inventory of assets, that the property of the Company is insufficient to settle its debts, it shall apply to the People's Court according to law for a declaration of bankruptcy. After the People's Court accepts the bankruptcy application, the liquidation group shall transfer the liquidation affairs to the bankruptcy administrator appointed by the People's Court.

After the completion of liquidation of the Company, the liquidation group shall prepare a liquidation report, submit it to the general meeting or the People's Court for confirmation, and submit it to the company registration authority for application for cancellation of the Company registration.

OTHER PROVISIONS MATERIAL TO THE ISSUER OR ITS SHAREHOLDERS

General Provisions

The Company is a joint stock limited company with perpetual existence.

All assets of the Company are divided into shares of equal value. Shareholders shall be liable for the Company to the extent of the shares they have subscribed for. The Company shall be liable for its debts to the extent of all its assets.

From the date of effectiveness, the Articles of Association shall become legally binding documents regulating the organization and activities of the Company, the rights and obligations between the Company and shareholders, and between shareholders, and shall be legally binding on the Company, shareholders, Directors, the General Manager, and other senior management personnel. Disputes involving the provisions of the Articles of Association between the Company, shareholders, Directors, and senior management personnel shall first be resolved through consultation. Where consultation fails, they may be resolved through litigation.

The legal consequences of civil activities conducted by the legal representative in the name of the Company shall be borne by the Company. Restrictions on the authority of the legal representative in the Articles of Association or by the general meeting shall not be set up against bona fide counterparties.

Where the legal representative causes damage to others in the performance of his/her duties, the Company shall bear civil liability. After the Company has borne civil liability, it may seek recourse from the legal representative at fault in accordance with law or the provisions of the Articles of Association.

Other senior management personnel referred to in the Articles of Association mean the Deputy General Managers, Board Secretary, Financial Officer, Company Secretary, and other personnel prescribed in the Articles of Association.

Shares and Transfer

The issuance of shares of the Company shall follow the principles of openness, fairness, and impartiality. Each share of the same class shall have equal rights. Shares of the same class issued in the same [REDACTED] shall have the same issue conditions and price; any unit or individual subscribing for shares shall pay the same price per share.

According to the needs of its operation and development, the Company may increase its capital by any of the following methods in accordance with laws and regulations and upon resolution of the general meeting:

(i) issuance of shares to unspecified objects;

(ii) issuance of shares to specific objects;

(iii) bonus shares to existing shareholders;

(iv) capitalization of reserve funds to increase share capital;

(v) other methods prescribed by laws, administrative regulations, and approved by relevant authorities.

Within the scope of authorization by the general meeting, the Board of Directors may decide to issue shares not exceeding 50% of the issued shares within three years. However, contributions in the form of non-monetary property shall be subject to resolution of the general meeting.

The Company may reduce its registered capital. Any reduction of the registered capital of the Company shall be effected in accordance with the Company Law, the Hong Kong Listing Rules, other relevant regulations, and the procedures prescribed in the Articles of Association.

Shareholders

Shareholders shall enjoy rights and assume obligations according to the class of shares they hold. Shareholders holding shares of the same class shall enjoy equal rights and assume the same obligations.

Shareholders of the Company shall enjoy the following rights:

(i) to receive dividends and other forms of profit distribution in proportion to the shares held by them;

(ii) to request the convening, calling, chairing, attendance, or appointment of proxies to attend the general meeting and exercise corresponding voting rights according to law;

(iii) to supervise the business operations of the Company and to make suggestions or inquiries;

(iv) to transfer, gift, or pledge the shares held by them in accordance with laws, administrative regulations, securities regulatory rules in the place where the Company's shares are [REDACTED], and the provisions of the Articles of Association;

(v) to inspect and copy the Articles of Association, register of members, minutes of general meetings, resolutions of Board meetings, and financial accounting reports; shareholders meeting prescribed requirements may inspect the accounting books and accounting vouchers of the Company;

(vi) to participate in the distribution of remaining property of the Company in proportion to the shares held by them upon termination or liquidation of the Company;

(vii) to demand the Company to acquire their shares where they dissent with resolutions of the general meeting regarding merger or division of the Company;

(viii) other rights prescribed by laws, administrative regulations, departmental rules, securities regulatory rules in the place where the Company's shares are [REDACTED], or the Articles of Association.

Any shareholder requesting to inspect the aforesaid information or obtain materials shall provide the Company with written documents proving the class and number of shares held by them. The Company shall provide relevant information or materials as requested by the shareholder after verifying the shareholder's identity.

Shareholders of the Company shall assume the following obligations:

(i) to comply with laws, administrative regulations, and the Articles of Association;

(ii) to pay capital contributions according to the shares subscribed for and the method of capital contribution;

(iii) not to withdraw capital contributions except as provided by laws or regulations;

(iv) not to abuse shareholder rights to damage the interests of the Company or other shareholders; not to abuse the independent legal person status of the Company and the limited liability of shareholders to damage the interests of creditors of the Company;

(v) other obligations that shall be assumed as prescribed by laws, administrative regulations, securities regulatory rules in the place where the Company's shares are [REDACTED], and the Articles of Association.

Any shareholder abusing shareholder rights and causing losses to the Company or other shareholders shall bear compensation liability according to law. Any shareholder abusing the independent legal entity status of the Company or the limited liability of shareholders to evade debts and seriously damaging the interests of creditors of the Company shall bear joint and several liability for the debts of the Company.

The general meeting is the organ of authority of the Company and exercises the following functions and powers according to law:

(i) to elect and replace Directors and determine matters concerning their remuneration;

(ii) to consider and approve reports of the Board of Directors;

(iii) to consider and approve the profit distribution plan and loss recovery plan of the Company;

(iv) to make resolutions on increase or reduction of the registered capital of the Company;

(v) to make resolutions on the issuance of corporate bonds or authorize the Board of Directors to make resolutions on the issuance of corporate bonds;

(vi) to make resolutions on merger, division, dissolution, liquidation, or change of corporate form of the Company;

(vii) to amend the Articles of Association;

(viii) to make resolutions on the appointment and removal of the accounting firm undertaking the audit of the Company;

(ix) to consider and approve guarantee matters prescribed in the Articles of Association;

(x) to consider and approve transaction matters prescribed in the Articles of Association;

(xi) to consider and approve connected transaction matters prescribed in the Articles of Association;

(xii) to consider matters regarding purchase or sale of material assets within one year exceeding 30% of the total audited assets of the Company in the most recent period;

(xiii) to consider and approve matters concerning change of the use of [REDACTED];

(xiv) to consider equity incentive plans and employee share ownership plans;

(xv) to make resolutions on the appointment, removal, or non-renewal of the accounting firm;

(xvi) to consider other matters that shall be determined by the general meeting as prescribed by laws, administrative regulations, departmental rules, securities regulatory rules in the place where the Company's shares are [REDACTED], or the Articles of Association.

The aforesaid functions and powers of the general meeting shall not be exercised by the Board of Directors or other institutions or individuals by way of authorization.

Board of Directors

The Board of Directors shall exercise the following functions and powers:

(i) to convene the general meeting and report its work to the general meeting;

(ii) to implement resolutions of the general meeting;

(iii) to determine the business plans and investment plans of the Company;

(iv) to formulate the profit distribution plan and loss recovery plan of the Company;

(v) to formulate plans for increase or reduction of the registered capital, issuance of bonds or other securities, and [REDACTED];

(vi) to formulate plans for material acquisitions, acquisition of the Company's shares, or merger, division, dissolution, and change of corporate form;

(vii) to determine matters concerning external investments, acquisition and disposal of assets, asset mortgages, external guarantees, entrustment of wealth management, connected transactions, and external donations within the scope of authorization of the general meeting;

(viii) to determine the establishment of the Company's internal management organs;

(ix) to appoint or remove the General Manager and Board Secretary of the Company and determine their remuneration and matters of reward and punishment; to appoint or remove Deputy General Managers, Financial Officer, and other senior management personnel based on the nomination of the General Manager, and determine their remuneration and matters of reward and punishment;

(x) to formulate the basic management systems of the Company;

(xi) to formulate proposals for amendment of the Articles of Association;

(xii) to manage the Company's information disclosure matters;

(xiii) to propose to the general meeting the engagement or replacement of the accounting firm auditing the Company;

(xiv) to hear work reports of the General Manager of the Company and inspect the work of the General Manager;

(xv) to formulate and review the corporate governance policies and practices of the Company and make recommendations to the Board of Directors;

(xvi) to review and monitor the training and continuous professional development of Directors and senior management personnel;

(xvii) to review and monitor the Company's policies and practices on compliance with laws and regulatory requirements;

(xviii) to formulate, review, and monitor codes of conduct and compliance manuals (if any) for employees and Directors;

(xix) to review the Company's compliance with the Corporate Governance Code (Appendix C1 to the Hong Kong Listing Rules) and disclosure in the corporate governance report;

(xx) to approve transactions that shall be approved by the Board of Directors according to laws, regulations, securities regulatory rules in the place where the Company's shares are [REDACTED], relevant regulatory authorities, and the Articles of Association;

(xxi) to discuss and evaluate whether the corporate governance mechanism provides appropriate protection and equal rights to all shareholders and whether the governance structure of the Company is reasonable and effective; other functions and powers granted by laws, administrative regulations, departmental rules, the Articles of Association, or the general meeting.

Matters exceeding the scope of authorization of the general meeting shall be submitted to the general meeting for consideration.

Board meetings shall be held only if attended by more than half of the Directors. Resolutions of the Board of Directors must be approved by more than half of all Directors. Voting on Board resolutions shall be conducted on a one-person-one-vote basis.

Independent Non-executive Directors

The Board of Directors of the Company shall consist of nine Directors, including three Independent Non-executive Directors.

Independent Non-executive Directors shall exercise the following special functions and powers:

(i) to independently engage intermediaries to audit, consult, or verify specific matters of the Company;

(ii) to propose to the Board of Directors to convene an extraordinary general meeting;

(iii) to propose to convene a Board meeting;

(iv) to publicly solicit shareholder rights from shareholders according to law;

(v) to express independent opinions on matters that may damage the interests of the Company or minority shareholders;

(vi) other functions and powers prescribed by laws, administrative regulations, CSRC provisions, securities regulatory rules in the place where the Company's shares are [REDACTED], and the Articles of Association.

Where Independent Non-executive Directors exercise the functions and powers set out in items (i) to (iii) of the preceding paragraph, such exercise shall be approved by more than half of all Independent Non-executive Directors.

The following matters shall be submitted to the Board of Directors for consideration after approval by more than half of all Independent Non-executive Directors:

(i) connected transactions that should be disclosed;

(ii) plans for the Company and relevant parties to change or waive undertakings;

(iii) decisions and measures made by the Board of Directors of an acquired listed company in response to an acquisition;

(iv) other matters prescribed by laws, administrative regulations, CSRC provisions, securities regulatory rules in the place where the Company's shares are [REDACTED], and the Articles of Association.

Special Committees

The Board of Directors of the Company shall establish an Audit Committee to exercise the functions and powers of the board of supervisors as prescribed in the Company Law.

The Board of Directors of the Company shall establish special committees for Strategy and Development, Nomination, and Remuneration and Assessment, which shall perform their duties in accordance with the Articles of Association and the authorization of the Board of Directors. Proposals of the special committees shall be submitted to the Board of Directors for consideration and determination.

Board Secretary

The Company shall have one Board Secretary, responsible for the preparation of general meetings and Board meetings, custody of documents, management of shareholder information, and handling of information disclosure matters. The Board Secretary shall comply with relevant provisions of laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, and the Articles of Association.

General Manager

The Company shall have one General Manager, who shall be appointed or removed by the Board of Directors. The General Manager shall be responsible to the Board of Directors and exercise the following functions and powers:

(i) to preside over the production and operation management of the Company, implement resolutions of the Board of Directors, and report work to the Board of Directors;

(ii) to implement the annual business plan and investment plan of the Company;

(iii) to formulate proposals for the establishment of the Company's internal management organs;

(iv) to formulate the basic management systems of the Company;

(v) to formulate specific rules and regulations of the Company;

(vi) to propose to the Board of Directors the appointment or removal of Deputy General Managers, Financial Officer, and other senior management personnel;

(vii) to appoint or remove management personnel other than those to be appointed or removed by the Board of Directors;

(viii) functions and powers prescribed in the working rules of the General Manager;

(ix) other functions and powers granted by the Articles of Association or the Board of Directors.

Reserve Funds

When distributing after-tax profits for the year, the Company shall allocate 10% of the profits to its statutory reserve fund. Where the accumulated amount of the statutory reserve fund of the Company exceeds 50% of the registered capital of the Company, no further allocation is required.

Where the statutory reserve fund of the Company is insufficient to recover losses from previous years, such losses shall be recovered with the current year's profits prior to allocation to the statutory reserve fund as prescribed in the preceding paragraph.

After allocation to the statutory reserve fund from after-tax profits, the Company may allocate discretionary reserve funds pursuant to resolutions adopted by the general meeting. The remaining after-tax profits after recovery of losses and allocation to reserve funds shall be distributed in proportion to the shares held by shareholders, except where distribution is not made in proportion to shareholdings as provided in the Articles of Association.

Where the general meeting violates the preceding paragraph, shareholders must return the profits distributed in violation of the provisions to the Company. Shares held by the Company do not participate in profit distribution.

The reserve funds of the Company shall be used to recover losses of the Company, expand production and operation, or increase the registered capital of the Company. Where reserve funds are used to recover losses of the Company, discretionary reserve funds and statutory reserve funds shall be used first; where still insufficient, capital reserve funds may be used in accordance with relevant provisions.

Where statutory reserve funds are converted into capital, the remaining reserve funds shall not be less than 25% of the registered capital of the Company prior to the conversion.

FURTHER INFORMATION ABOUT OUR COMPANY

Incorporation of our Company

Our Company was established as a limited liability company in the PRC on June 13, 2016 and was converted into a joint stock limited company on January 29, 2021 under the laws of the PRC. As of the Latest Practicable Date, the registered share capital of our Company is RMB587,375,868.

Our registered place of business in Hong Kong is at 46/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong. We [have] been registered as a non-Hong Kong Company under Part 16 of the Companies Ordinance on [●]. Ms. Kwok Yan Ting Jennis has been appointed as our authorized representative for the acceptance of service of process and notices 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 sections headed "History, Development and Corporate Structure — Major Shareholding Changes in the Company" and "History, Development and Corporate Structure — Pre-[REDACTED] Investments" in this Document, there has been no other alteration in the share capital of our Company during the two years immediately preceding the date of this Document.

Changes in the Share Capital of our Subsidiaries

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.

The following sets out the changes in the share capital of our Company's subsidiaries during the two years immediately preceding the date of this Document:

(a) On September 2, 2024, the registered capital of Jiangsu Qingtao Energy Technology Co., Ltd. (江蘇清陶能源科技有限公司) was increased from RMB80,000,000 to RMB102,000,000; and

(b) On September 3, 2024, the registered capital of Qingtao (Kunshan) Automation Equipment Co., Ltd. (清陶(昆山)自動化裝備有限公司) was increased from RMB2,000,000 to RMB10,000,000; and

(c) On September 3, 2024, the registered capital of Suzhou Qingtao New Energy Technology Co., Ltd. (蘇州清陶新能源科技有限公司) was increased from RMB700,000,000 to RMB1,480,000,000; and

(d) On May 20, 2025, the registered capital of Qingtao (Wuhai) Energy Technology Co., Ltd. (清陶(烏海)能源科技有限公司) was increased from RMB200,000,000 to RMB227,272,727; and

(e) On August 12, 2025, the registered capital of Shanghai Qingtao Technology Development Co., Ltd. (上海清陶科技發展有限公司) was increased from RMB60,000,000 to RMB85,000,000.

Save as disclosed above, there had been no other alterations of share capital of our subsidiaries within the two years preceding the date of this Document.

Resolutions of our Shareholders

Pursuant to the extraordinary general meeting of our Shareholders in March 17, 2026, it was resolved, among others, and the following was approved:

(a) the issue of H Shares with a nominal value of RMB1.00 each and the [REDACTED] of such H Shares on the Stock Exchange;

(b) the number of H Shares to be issued pursuant to the [REDACTED], and the grant to the [REDACTED] of the [REDACTED] of not more than [REDACTED]% of the number of H Shares issued pursuant to the [REDACTED];

(c) conditional upon the completion of the [REDACTED] [REDACTED] Unlisted Shares held by certain existing Shareholders will be converted into H Shares;

(d) subject to the completion of the [REDACTED], the Articles of Association have been approved and adopted, which shall become effective on the [REDACTED], and our Board has been authorized to amend the Articles of Association to the extent necessary in accordance with any comments from the relevant regulatory authorities;

(e) the granting of a general mandate to the Board to repurchase H Shares issued on the Stock Exchange with an aggregate number of not exceeding 10% of the number of the total issued H Shares (excluding any treasury shares or Shares which may be issued pursuant to the exercise of the [REDACTED]) as of the [REDACTED];

(f) the granting of a general mandate to the Board to (i) allot and issue Shares, and (ii) sell and/or transfer Shares out of treasury that are held as treasury shares, at any time within a period up to the date of the conclusion of the next annual general meeting of the Shareholders or the date on which the Shareholders pass a resolution to revoke or change such mandate, whichever is earlier, upon such terms and conditions and for such purposes as the Board in their absolute discretion deem fit, provided that, the number of Shares to be issued, or to be sold and/or transferred out of treasury that are held as treasury shares shall not exceed 20% of the number of Shares in issue as of the [REDACTED];

(g) our Board has been authorized to handle all relevant matters relating to, among other things, the implementation of issuance of H Shares and the [REDACTED].

Explanatory Statement on Repurchase of Our Own Securities

The following paragraphs include, among others, certain information required by the Stock Exchange to be included in this Document concerning the repurchase of our own securities.

(a) ***Reasons for repurchase***

The Board considered that the repurchase of the Shares would be beneficial to and in the best interests of the Company and its Shareholders as a whole. It can strengthen the [REDACTED] confidence in the Company and promote a positive effect on maintaining the Company's reputation in the capital market. Such repurchases will only be made when the Board believes that such repurchases will benefit the Company and its Shareholder as a whole.

Following a repurchase of Shares, the Company may cancel any repurchased Shares and/or hold them as treasury shares subject to, among others, market conditions and its capital management needs at the relevant time of the repurchases, which may change due to evolving circumstances.

(b) ***Exercise of the general mandate to repurchase Shares***

Subject to the passing of the special resolution approving the grant of the general mandate to repurchase H Shares at annual general meetings, the Board will be granted general mandate to repurchase H Shares until the end of the relevant period. The general mandate to repurchase Shares would expire on the earlier of:

(i) the conclusion of the next annual general meeting of the Company of which time it shall lapse unless, by special resolutions passed at that meeting, the authority is renewed, either conditionally or subject to conditions; or

(ii) the revocation or variation of the mandate under the resolution by a special resolution at any general meeting of the Company.

Furthermore, we need to complete registration and approval procedures with relevant government authorities for the actual grant of the repurchase mandate to the Board, as applicable. The exercise in full of the general mandate to repurchase H Shares (on the basis of [REDACTED] H Shares in issue as of the [REDACTED] (assuming the [REDACTED] is not exercised) and no H Shares will be allotted and issued or repurchased by the Company on or prior to the date of the next annual general meeting to be held after the [REDACTED]) would result in a maximum of [REDACTED] H Shares being repurchased by the Company during the relevant period, being the maximum of 10% of the H Shares in issue (excluding any treasury shares) as of the [REDACTED].

(c) ***Source of funds***

In repurchasing its Shares, the Company intends to apply funds from the Company's internal resources (which may include surplus funds and retained profits) legally available for such purpose in accordance with the Articles of Association and the applicable laws, rules and regulations of the PRC.

The Company is empowered by its Articles of Association to repurchase its Shares. Any shares to be repurchased will be canceled or kept as treasury shares if allowed by the Articles of Association and applicable laws and regulations. The Company may not purchase securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

(d) ***Suspension of repurchase***

A [REDACTED] company shall not repurchase its shares on the Stock Exchange at any time after inside information has come to its knowledge until the information is made publicly available. In particular, during the period of one month immediately preceding the earlier of: (i) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for the issuer to announce its results for any year or half-year under the Listing Rules, or quarterly

or any other interim period (whether or not required under the Listing Rules), until the date of the results announcement, the company may not repurchase its shares on the Stock Exchange unless there are exceptional circumstances.

(e) ***Close associates and core connected persons***

None of our Directors or, to the best of their knowledge having made all reasonable inquiries, any of their close associates have a present intention, in the event the general mandate to repurchase Shares is approved, to sell any Shares to our Company.

No core connected person of our Company has notified our Company that they have a present intention to sell Shares to our Company, or have undertaken to do so, if the general mandate to repurchase Shares is approved.

A [REDACTED] company shall not knowingly purchase its shares on the Stock Exchange from a core connected person (namely a director, supervisor, chief executive or substantial shareholder of the company or any of its subsidiaries, or a close associate of any of them), and a core connected person shall not knowingly sell their interest in shares of the company to it.

(f) ***Status of repurchased Shares***

Subject to the Articles of Association, the Listing Rules and any other applicable laws and regulations, the Shares repurchased by the Company will be canceled or kept as treasury shares.

(g) ***Takeover implications***

If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the general mandate to repurchase Shares.

(h) ***Interim measures***

For any treasury shares of the Company deposited with [REDACTED] pending resale on the Stock Exchange, the Company shall, upon approval by the Board, implement the below interim measures which include (without limitation):

(i) procuring its broker not to give any instructions to [REDACTED] to vote at general meetings for the treasury shares deposited with [REDACTED];

(ii) in the case of dividends or distributions (if any and where applicable), withdrawing the treasury shares from [REDACTED], and either re-register them in its own name as treasury shares or cancel them, in each case before the relevant record date for the dividend or distributions; or

(iii) taking any other measures to ensure that it will not exercise any Shareholders' rights or receive any entitlements which would otherwise be suspended under the applicable laws if those Shares were registered in its own name as treasury shares.

(i) ***General***

Our Company did not hold any treasury shares as of the Latest Practicable Date and will not hold any treasury shares upon [REDACTED].

If the general mandate to repurchase Shares were to be carried out in full at any time, there may be a material and adverse impact on our working capital or gearing position (as compared with the position disclosed in our most recent published audited accounts). However, our Directors do not propose to exercise the general mandate to repurchase Shares to such an extent as would have a material and adverse effect on our working capital or gearing position.

Our Directors have undertaken to the Stock Exchange that they will exercise the general mandate to repurchase Shares in accordance with the Listing Rules and the applicable laws in the PRC. Neither the Explanatory Statement on Repurchase of Our Own Securities nor the proposed share repurchase has any unusual feature.

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 [REDACTED].

Intellectual Property Rights

As of the Latest Practicable Date, our Group has registered, or has applied for the registration of the following intellectual property rights which were material to our Group's 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	Class	Owner	Registration Number	Place of Registration	Registration Date (dd/mm/yyyy)	Expiry Date (dd/mm/yyyy)
1.		9	The Company	54381472	PRC	07/10/2021	06/10/2031

No.	Trademark	Class	Owner	Registration Number	Place of Registration	Registration Date (dd/mm/yyyy)	Expiry Date (dd/mm/yyyy)
2.		9	The Company	1597421	MADRID African Intellectual Property Organization(OAPI), Australia, Canada, European Union, Japan, United Kingdom, United States of America, Russian Federation, Viet Nam	21/04/2021	21/04/2031
3.		9	The Company	40202324593P	Singapore	18/07/2024	18/07/2034
4.		9	Qingtao Power Technology (Shanghai) Co., Ltd. (清陶動力科技(上海)有限公司)	78318803	PRC	14/10/2025	13/10/2035
5.		9	Jiangsu Xinxinhui Automatic Equipment Co., Ltd. (江蘇新鑫輝自動化設備有限公司)	35485477	PRC	14/12/2019	13/12/2029
6.		9	Jiangsu North New Energy Technology Co., Ltd. (江蘇北新能源科技有限公司)	35378713	PRC	07/10/2019	06/10/2029

As of the Latest Practicable Date, we had applied for the registration of the following trademark which we consider to be or may be material to our business:

No.	Trademark	Class	Applicant	Application number	Place of registration
1.		9	the Company	307169536	Hong Kong
2.		9	the Company	307221177	Hong Kong

Patents

As of the Latest Practicable Date, we are the owner of the following patents which we consider to be material to our business:

No.	Patent description	Registered Owner	Place of Registration	Patent Number	Filing Date (dd/mm/yyyy)
1.	A Secondary Coating Process for Lithium-ion Battery Composite Cathodes (一種鋰離子電池復合正極的二次塗覆工藝)	Suzhou Qingtao New Energy Technology Co., Ltd. (蘇州清陶新能源科技有限公司)	PRC	ZL202010463775.8	27/05/2020
2.	A Cathode Material Coating Device and Coating Method (一種正極材料包覆裝置及包覆方法)	our Company	PRC	ZL202110252092.2	08/03/2021
3.	A Dry-Process Electrode Film, Its Preparation Method, and Applications (一種幹法電極膜、其製備方法和應用)	Suzhou Qingtao New Energy Technology Co., Ltd. (蘇州清陶新能源科技有限公司)	PRC	ZL202111110840.X	18/09/2021
4.	A Battery Pack, Vehicle, and Energy Storage Device (一種電池包、車輛及儲能裝置)	Suzhou Qingtao New Energy Technology Co., Ltd. (蘇州清陶新能源科技有限公司)	PRC	ZL202110289978.4	04/01/2021
5.	Solid electrolyte materials, preparation methods, electrodes, and lithium-ion batteries (固態電解質材料、製備方法、電極及鋰離子電池)	Suzhou Qingtao New Energy Technology Co., Ltd. (蘇州清陶新能源科技有限公司)	PRC	ZL202310158786.9	23/02/2023
6.	A Solid-State Electrolyte Membrane for Lithium-Ion Batteries and Its Preparation Method, Lithium-Ion Battery (一種鋰離子電池固態電解質膜及其製備方法、鋰離子電池)	Suzhou Qingtao New Energy Technology Co., Ltd. (蘇州清陶新能源科技有限公司)	PRC	ZL202310856955.6	13/07/2023
7.	Composite Electrode Sheet and Its Preparation Method, Lithium-ion Battery (複合極片及其製備方法、鋰離子電池)	Suzhou Qingtao New Energy Technology Co., Ltd. (蘇州清陶新能源科技有限公司)	PRC	ZL202310959678.1	01/08/2023
8.	A Lithium Battery Cathode Electrode Sheet, Preparation Method, and Lithium Battery (一種鋰電池正極極片、製備方法及鋰電池)	Suzhou Qingtao New Energy Technology Co., Ltd. (蘇州清陶新能源科技有限公司)	PRC	ZL202311152708.4	08/09/2023
9.	Battery Interface Current Calculation Method, System, and Storage Medium (電池的介面電流計算方法、系統及存儲介質)	Suzhou Qingtao New Energy Technology Co., Ltd. (蘇州清陶新能源科技有限公司)	PRC	ZL202510465309.6	15/04/2025
10.	All-solid-state battery and preparation method therefor	our Company	USA	US11749793B2	29/05/2020

Copyrights

As of the Latest Practicable Date, we are the owner of the following copyrights which we consider to be material to our business:

No.	Copyright	Registered Owner	Place of Registration	Registration Number	Registration Date
1.	Solid-State Battery Rate Performance Rapid Simulation Software V1.0 (全固態電池倍率性能快速仿真計算軟體V1.0)	Suzhou Qingtao New Energy Technology Co., Ltd. (蘇州清陶新能源科技有限公司)	PRC	2026SR0114508	19/01/2026

No.	Copyright	Registered Owner	Place of Registration	Registration Number	Registration Date
2.	Battery Dead Lithium Simulation Analysis Software V1.0 (電池死鋰模擬分析軟體V1.0)	Suzhou Qingtao New Energy Technology Co., Ltd. (蘇州清陶新能源科技有限公司)	PRC	2026SR0114507	19/01/2026
3.	Battery Cell Capacity Plunge Prediction Software V1.0 (電芯容量跳水預測軟體V1.0)	Suzhou Qingtao New Energy Technology Co., Ltd. (蘇州清陶新能源科技有限公司)	PRC	2025SR2376927	09/12/2025
4.	All-Solid-State Battery DCR Rapid Simulation Software V1.0 (全固態電池DCR快速仿真計算軟體V1.0)	Suzhou Qingtao New Energy Technology Co., Ltd. (蘇州清陶新能源科技有限公司)	PRC	2025SR2376958	09/12/2025
5.	Battery Cell Cycle Data Analysis Software V1.0 (電芯迴圈數據分析軟體V1.0)	Suzhou Qingtao New Energy Technology Co., Ltd. (蘇州清陶新能源科技有限公司)	PRC	2025SR2253036	21/11/2025
6.	Industrial and Commercial Bank of China Software Development and Configuration System V1.0 (工商儲軟體發展及配置系統V1.0)	Qingtao Power Technology (Shanghai) Co., Ltd.* (清陶動力科技(上海)有限公司)	PRC	2025SR0120765	17/01/2025
7.	12VBMS Test Bench Control System V1.0 (12VBMS測試台架控制系統V1.0)	Qingtao Power Technology (Shanghai) Co., Ltd.* (清陶動力科技(上海)有限公司)	PRC	2024SR1133286	06/08/2024

Domain Name

As of the Latest Practicable Date, we had registered the following internet domain names which we consider to be or may be material to our business:

No.	Domain Name	Registered Owner	Place of Registration	Registration Date	Expiry Date
1.	https://www.jsqingtao.com/	Jiangsu Qingtao Energy Technology Co., Ltd. (江蘇清陶能源科技有限公司)	PRC	December 15, 2014	December 15, 2027

Save as disclosed above, as of the Latest Practicable Date, there were no other intellectual property rights which are or may be material to our business.

FURTHER INFORMATION ABOUT OUR DIRECTORS, SENIOR MANAGEMENT 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" in this Document 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.

Interests of the substantial shareholders in the Shares

Save as disclosed in "Substantial Shareholders" in this Document, immediately following the completion of the [REDACTED] and without taking into account any Shares which may be [REDACTED] pursuant to the exercise of the [REDACTED], our Directors are not aware of any other person (not being a Director 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.

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 11 to the Accountants' Report set out in Appendix I to this Document for the three years ended December 31, 2025, none of our Directors received other remunerations of benefits in kind from us.

Disclaimers

(a) save as disclosed in the section headed "Substantial Shareholders" in this Document 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" in this Document, 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] and the conversion of Unlisted Shares into H Shares (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) save as disclosed in this Document, 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

(d) 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.

EMPLOYEE INCENTIVE PLAN

In recognition of the contributions of our employees, and to incentivize them to further promote our development, our Company adopted and approved an Employee Incentive Plan on December 21, 2024 and amended it on December 20, 2025. The Employee Incentive Plan is not subject to the provisions of Chapter 17 of the Listing Rules as it does not involve the grant of options to subscribe for Shares or other types of awards by our Company after the [REDACTED].

The following is the summary of the principal terms of the Employee Incentive Plan.

Purpose

The main purpose of the Employee Incentive Plan is to further enhance our corporate governance structure, establish and improve the long-term incentive mechanism of the Company, attract and retain professional management, core technical experts, and key business talent, fully stimulate their enthusiasm and creativity, effectively strengthen the cohesion of the core team and our core competitiveness, and effectively align the interests of Shareholders, our Company, and the core team.

Duration

The Employee Incentive Plan shall be valid and effective for the period commencing on the date on which the share options have been granted and ending on the date on which all granted options have been exercised or cancelled, subject to a maximum term of 84 months.

Administration

The Shareholders' meeting is responsible for reviewing and approving the implementation, amendment and termination of the Employee Incentive Plan. The Board is responsible for its implementation of the Employee Incentive Plan, including but not limited to the scope of incentive recipients, the granting and exercise of share options and other relevant matters.

Eligibility

Our Company's key technical personnel and senior management, as may be determined by the Board or the Shareholders' meeting, are eligible, with the total number of participants not exceeding 150. The eligible participants must be employees of our Group at the time the share options are granted.

Maximum Number of Shares

The maximum number of share options which will be issued pursuant to the exercise of share options granted under the Employee Incentive Plan is 3,529,400 shares, subject to any adjustments approved by the Company.

Type of Awards

The awards granted under the Employee Incentive Plan comprise share options, which entitle eligible participants, subject to the satisfaction of exercising conditions, to subscribe for newly issued H Shares of our Company at a pre-determined price.

Vesting Period

Subject to the provisions of the Employee Incentive Plan and the share option agreements entered into by the grantees, the vesting of options varies depending on the timing of grant and the category of the eligible participants. The grant date is the date on which our Company enters into the option grant agreements with the grantee (the "**Grant Date**").

Exercise Period

Pursuant to the Employee Incentive Plan, the vested options may be exercised during three exercise periods commencing at different time intervals after the [REDACTED] of our Company, i.e. (i) 30% of the vested options on the [REDACTED] (ii) 30% of the vested options on the first anniversary of the date of [REDACTED], and (iii) 40% of the vested options on second anniversary of the date of [REDACTED]. Each exercise period has a duration of 12 months, during which grantees may, at their discretion, exercise the vested options, subject to the terms of the Employee Incentive Plan and applicable laws and regulations, and any blackout period stipulated there in and in accordance with applicable laws and regulations.

If a participant fails to meet the exercise conditions or does not exercise his share options during the corresponding exercise tranche, the Company will cancel such share options in such exercise tranche.

Exercise Price

The exercise price for the share options granted under this Employee Incentive Plan is RMB8.5 per option. Upon satisfaction of the exercise conditions, each share option granted to a participant entitles them to purchase one share of the Company at the price of RMB8.5 during the exercise period.

Lock-up Period

Participants shall not reduce their share holdings of the granted share options before meeting the following two conditions: (i) holding their Shares for three years from the Grant Date; and (i) holding Shares for one year from the date of exercise their share options.

If there is any change in the applicable laws and regulations or the relevant provisions of the Articles of Association on the foregoing lock-up requirements within the term of the Employee Incentive Plan, the participants shall comply with the amended laws and regulations and the Articles of Association.

Outstanding Options

As of the Latest Practicable Date, options to subscribe for an aggregate of [REDACTED] H Shares (representing approximately [REDACTED]% of the total issued share capital of our Company immediately upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised and without taking into account any H Shares which may be issued under the Employee Incentive Plan) have been conditionally granted to 121 eligible participants under the Employee Incentive Plan. Subject to the terms and conditions of the Employee Incentive Plan, our Company may further grant awards to eligible participants under the Employee Incentive Plan prior to the [REDACTED]. No options under the Employee Incentive Plan will be further granted either prior to or after the [REDACTED].

As of the Latest Practicable Date, all of such outstanding options had not been exercised.

Details of the options granted to Directors, senior management or connected persons of our Company under the Employee Incentive Plan are set out below:

Name	Position held within our Group/relationship with our Group	Address	Date of grant[(1)]	Number of shares under the outstanding options	Approximately percentage of the total issued share capital of our Company upon completion of the [REDACTED][(2)]
Directors and senior management members					
Ms. Li Xiaoling (李曉玲)	Chief financial officer	Room 2102, Building 33, Gongyuan No. 1 Mansion, 415 Taihu South Road, Kunshan Development Zone, Suzhou Jiangsu Province, PRC	December 20, 2025	36,650	[REDACTED]%
Other connected persons of our Company who are not Directors or senior management members					
Mr. Feng Haitao (馮海濤)	General manager of our subsidiary	Room 0302, Unit 1, Building 24, Tianyuefu, High-Tech Zone, Chengdu, Sichuan Province, PRC	December 30, 2024	117,600	[REDACTED]%
Mr. Ma Jiannan (馬健男)	Director and general manager of our subsidiary	Room 1002, Building 11, Guiyuandongli, Daxing District, Beijing, PRC	December 30, 2024	94,100	[REDACTED]%
Ms. Zhang Xue (張雪)	Director of our subsidiary	Room 1101, No. 26, Lane 688, Fanjin Road, Pudong New District, Shanghai, PRC	December 30, 2024	211,600	[REDACTED]%
Other grantees who are not Directors, senior management members or connected persons of our Company					
Other employee	—	—	December 30, 2024 and December 20, 2025	2,930,650	[REDACTED]%

Note:

(1) No consideration is payable upon the grant of options.

(2) Without taking into account any H Shares which may be issued pursuant to the exercise of the [REDACTED] and any H Shares which may be issued under the Employee Incentive Plan.

(3) The share options granted to the grantees above shall exercise in three tranches at the price of RMB8.5 per share during the exercise period summarized in the section headed "— Vesting Period", "Exercise Price" and "Exercise Period" above.

DILUTION EFFECT AND IMPACT ON LOSS PER SHARE

Subject to any adjustment as set out under the Employee Incentive Plan in the event of any capitalization of capital reserve, bonus shares issue, [REDACTED], rights issue or share reduction of our Company that may take place after the [REDACTED], the total number of H Shares to be issued pursuant to the exercise of the outstanding options under the Employee Incentive Plan shall be no more than [REDACTED] H Shares, representing approximately [REDACTED]% of the total issued share capital of our Company immediately upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised and without taking into account any H Shares which may be issued under the Employee Incentive Plan). Assuming vesting of all the share options granted under the Employee Incentive Plan, the shareholding of our Shareholders immediately following completion of the [REDACTED] (assuming the [REDACTED] is not exercised and the options granted under the Employee Incentive Plan are not exercised) will be diluted by approximately [REDACTED]%. There is no consequential impact on the loss per Share for the year ended December 31, 2025 as the share options granted were not included in the calculation of diluted loss per Share due to anti-dilution.

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, save as disclosed 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.

Promoter

The promoters of the Company are the then 26 shareholders of our Company 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. The current rate charged on each of the purchaser and seller is 0.1% of the consideration of or, if higher, of the fair value of our Shares being sold or transferred.

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 December 31, 2025 (being the date to which the latest consolidated financial statements of our Group were prepared).

Qualifications 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
Guotai Junan Capital Limited	Licensed corporation to conduct Type 6 (advising on corporate finance) regulated activity as defined under the SFO
China International Capital Corporation Hong Kong Securities Limited	Licensed to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO
China Merchants Securities (HK) Co., Limited	A licensed corporation to conduct type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO
AllBright Law Offices	Legal adviser to our Company as to PRC law
Deloitte Touche Tohmatsu	Certified Public Accountants and Registered Public Interest Entity Auditor
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry consultant

As of the Latest Practicable Date, none of the experts named above had any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

Consents of Experts

Each of the experts 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

The Joint Sponsors have made an [REDACTED] on our behalf to the Listing Committee for the [REDACTED] of, and permission to [REDACTED] in, our H Shares. All necessary arrangements have been made to enable the securities to be admitted into [REDACTED].

The Joint Sponsors satisfy the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. Each of the Joint Sponsors will receive a fee of RMB2.8 million for acting as a sponsor for the [REDACTED].

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.

Binding Effect

This Document shall have the effect, if an application 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

Save as disclosed in this Document:

(a) within the two years preceding the date of this Document: (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) no share or loan capital of our Company is under option or is agreed conditionally or unconditionally to be put under option;

(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) save as disclosed in the section headed "Regulatory Overview" in this Document, there are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong from outside Hong Kong;

(i) no part of the equity or debt securities of our Company, if any, is currently [REDACTED] on or [REDACTED] in on any stock exchange or [REDACTED] system, and no such [REDACTED] or permission to [REDACTED] on any stock exchange other than the Hong Kong Stock Exchange is currently being or agreed 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 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 each of the material contracts 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 Stock Exchange's website at **www.hkexnews.hk** and the Company's website at **https://www.jsqingtao.com/** during a period of 14 days from the date of this Document:

(a) the Articles of Association;

(b) the Accountants' Report from Deloitte Touche Tohmatsu, the text of which is set out in Appendix I to this Document;

(c) the audited consolidated financial statements of our Group for the three years ended December 31, 2025;

(d) the report from Deloitte Touche Tohmatsu on the unaudited [REDACTED] financial information of our Group, the text of which is set out in Appendix II to this Document;

(e) the material contracts referred to in "Appendix IV — Statutory and General Information — Further Information about our Business — Summary of Material Contract" in this Document;

(f) the written consents referred to in "Appendix IV — Statutory and General Information — Other Information — Consents of Experts" in this Document;

(g) the service contracts and letters of appointment referred to in "Appendix IV — Statutory and General Information — Further Information about our Directors, Senior Management and Substantial Shareholders — Particulars of Directors' Service Contracts" in this Document;

(h) the legal opinions issued by AllBright Law Offices, our PRC Legal Adviser, in respect of, among other things, the general corporate matters and property interests of our Group under the PRC law;

(i) the industry report issued by Frost & Sullivan (Beijing) Inc., Shanghai Branch Co. referred to in "Industry Overview" in this Document;

(j) a copy of the following PRC laws, together with unofficial English translations:

  (i) the PRC Company Law;

  (ii) the PRC Securities Law; and

(iii) the Overseas Listing Trial Measures; and

(k) the terms of the Employee Incentive Plan.

DOCUMENT AVAILABLE FOR INSPECTION

A copy of a full list of all the grantees under the Employee Incentive Plan will be made available for public inspection at our Company's Hong Kong legal adviser'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.