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Application Proof of

Makesense Energy Technology Co., Limited

美克生能源科技股份有限公司

(the “Company”)

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

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Makesense Energy Technology Co., Limited 美克生能源科技股份有限公司

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

[REDACTED]

Number of [REDACTED] Under the : [REDACTED] H Shares (subject to the
[REDACTED])
Number of [REDACTED] : [REDACTED] H Shares (subject to
[REDACTED])
Number of [REDACTED] : [REDACTED] H Shares (subject to
[REDACTED] and the [REDACTED])
[REDACTED] : HK\$[REDACTED] per H Share plus
brokerage of 1%, SFC transaction levy of
0.0027%, Stock Exchange trading fee of
0.00565% and AFRC transaction levy of
0.00015% (payable in full on application in
Hong Kong dollars and subject to refund)
Nominal Value : RMB0.1 per H Share
[REDACTED] : [REDACTED]

*[Sole Sponsor, [REDACTED], [REDACTED],
[REDACTED] and [REDACTED]]*



國泰海通
GUOTAI HAITONG

國泰君安國際
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[REDACTED]

IMPORTANT

[REDACTED]

IMPORTANT

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

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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 the [REDACTED].

There are risks associated with any investment. Some of the particular risks in [REDACTED] in the [REDACTED] are set out in the section headed “Risk Factors.” You should read that section carefully before you decide to [REDACTED] in the [REDACTED].

OVERVIEW

Who We Are

We are a leading AI-powered, DES-based modern electricity service provider in China. According to CIC, we are the largest modern electricity service provider in China in terms of DES asset operating scale as of December 31, 2025 with an operating scale of 799.5 MWh and market share of 7.4%. We invest in and develop DES assets and provide electricity services. We are committed to aggregating real-time dispatchable user-end power resources to deliver optimal value on DES assets and power cost savings while contributing to grid stability. Amid ongoing global energy restructuring, our vision is to become a leading global modern electricity service provider. Our mission is “smart energy, benefits all.”

Our Market Opportunities

In light of surging power consumption driven by AI and other advanced technologies, the ongoing global energy restructuring ultimately will establish a modern power system that is clean and low-carbon, supply-demand coordinated, flexible, and intelligent, according to CIC. This modern power system necessitates comprehensive transformation. The increasing penetration of wind and solar power generation, which is intermittently subject to external conditions, could result in increasing chance and complexity of mismatch between power generation and load. In addition, the existing rigid structure of the grid and the load, where power generation passively follows load demand, is shifting to a more flexible structure where generation, grid, load, and storage are efficiently coordinated to achieve supply-demand balancing. Furthermore, electricity market is evolving from a centralized structure toward a three-tier coordinated structure comprising the main grid, distribution networks, and intelligent microgrids. The existing planned, wholesale-oriented electricity market is open for more flexible, service-oriented commercial models. The modern electricity service market is gradually being activated, where a large scale of real-time dispatchable user-end power resources and strong responsiveness to electricity price fluctuations are increasingly required to support emerging electricity service models.

DES, an optimal form of real-time dispatchable user-end power resources, has emerged as an important balancing factor in this market. It can provide bidirectional, distributed, and flexible regulation support to the power system while coupling with user-end load curves to sense real-time electricity price fluctuations. According to CIC, the size of China’s electricity trading service market in terms of service fee in 2025 was RMB361.3 billion while the penetration rate of electricity trading service with underlying operating DES assets is 0.04%, and the size of China’s electricity trading service market is expected to reach RMB842.3 billion with the penetration rate expected to reach 0.7% in 2030. The integration of real-time dispatchable user-end power resources, primarily DES assets, with electricity trading is critical to modern electricity services.

Our Business Model

We carry out DES asset development and provide electricity services. Currently, we focus on investing in and developing DES assets at physical power nodes in China to expand our real-time dispatchable user-end power resource network for the ramp-up of our electricity services.

SUMMARY

We target major heavy-load provinces in China, notably the Yangtze River Delta and Pearl River Delta regions, to develop DES assets. Our DES asset development comprises optimal energy storage capacity planning and standardized delivery and acceptance.

We provide electricity services primarily to electricity users, which are typically industrial and commercial enterprises characterized by heavy usage, prolonged demand, and significant daily load fluctuations. Our electricity services currently include peak-valley arbitrage, operation and maintenance, electricity trading, and VPP. Under peak-valley arbitrage and operation and maintenance, we deploy remote dispatch and control technologies to physical power nodes, integrate them with user-end load curves, and provide electricity users with electricity cost optimization. Under electricity trading, we participate in electricity trading transactions across annual, monthly, day-ahead, and real-time markets, including position management, volume declaration, and price bidding for electricity users. Under VPP, we aggregate DES assets and enable them to participate in power system optimization, including peak shaving, valley filling, and demand response, as a unified power generation entity. We have developed AI platforms that analyze and forecast load, generation output, electricity pricing, and operating status to support our electricity services.

The following table sets forth a breakdown of our revenue by business line both in absolute amount and as a percentage of our total revenue for the years indicated.

	For the Year Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
<i>(in thousands, except percentages)</i>						
DES and Other Asset Development ⁽¹⁾	137,561	79.0	82,245	66.0	463,528	89.1
Electricity Services ⁽²⁾	18,506	10.6	35,598	28.6	49,038	9.5
Others ⁽³⁾	18,085	10.4	6,775	5.4	7,410	1.4
Total	174,152	100.0	124,618	100.0	519,976	100.0

Notes:

- (1) In 2023, our energy assets primarily consisted of PV assets. In the same year, we strategically shifted from PV assets to DES assets.
- (2) Include peak-valley arbitrage service, operation and maintenance service, and VPP service during the Track Record Period.
- (3) Include license fees to use our Green Electricity platform and revenue from sales of energy storage products.

During the Track Record Period, our revenue fluctuations were primarily driven by our DES and other asset development revenue as we strategically shifted from PV assets to DES assets in 2023, explored and began ramping up our DES asset development business in 2024, and established convincing business model and further expanded DES asset operating scale.

During the Track Record Period, our electricity service revenue continued to increase, consistent with our overall DES scale expansion.

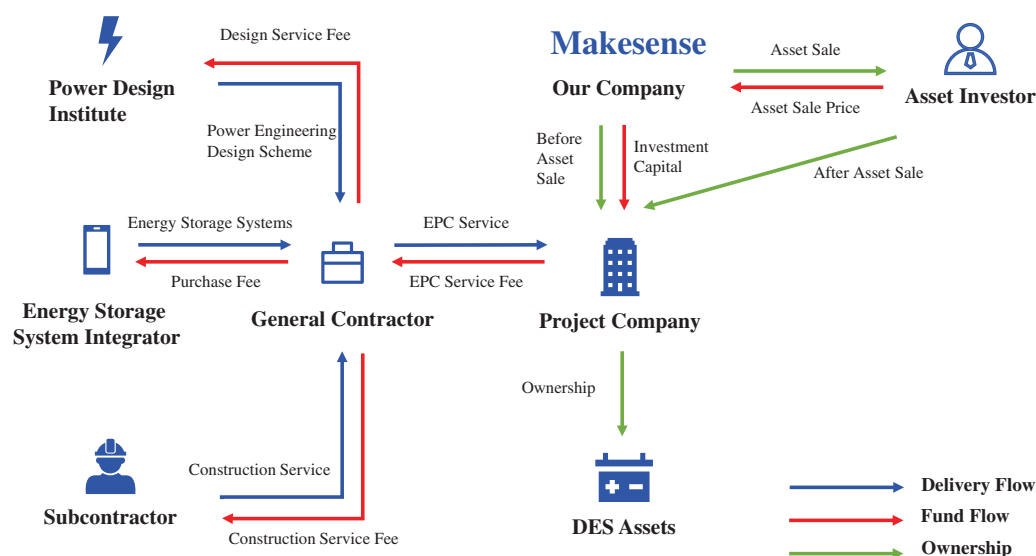
During the Track Record Period, we did not generate revenue from electricity trading service, primarily due to the fact that policy frameworks governing electricity trading service were only progressively established during recent periods. Specifically, we only entered into electricity trading service agreements starting from 2025 and performance of these agreements began in 2026. We anticipate growth in electricity trading service as policy support continues to strengthen and our technological capabilities advance.

SUMMARY

DES Asset Development

Our DES asset development business primarily focuses on the evaluation, development, construction, and monetization of DES assets. We operate through a project company model that enables us to capture value across the project development lifecycle.

The following diagram illustrates the typical model of our DES asset development business.



Electricity Services

The following table sets forth a summary of our electricity services.

Service Type	Customer Type	Service Overview	Fee Type
Peak-Valley Arbitrage Service	Electricity User	- Optimize electricity consumption scheduling - Implement peak shaving and valley filling	Agreed Arbitrage Gain
Operation and Maintenance Service	Project Company	- Conduct system monitoring, maintenance, troubleshooting - Provide strategy optimization and dynamic adjustment	Fixed Service Fee
Electricity Trading Service	Electricity User	Procure trading electricity volumes at agreed price packages	Market-Based Service Fee

SUMMARY

Service Type	Customer Type	Service Overview	Fee Type
VPP Service	Power Grid Company	- Aggregate DES assets - Participate in demand response and ancillary service	Market-Based Service Fee

For further details of our business model, see “Business — Our Business Model.”

OUR STRENGTHS

We believe the following strengths differentiate us from our competitors:

- an early mover in defining the modern electricity service model;
- large-scale DES asset deployment across physical power nodes;
- high-quality long-term user base with cross-selling opportunities;
- integrated technology foundation for electricity services; and
- visionary and experienced management team.

For details, see “Business — Our Strengths.”

OUR STRATEGIES

We are committed to advancing our position in the industry and driving business growth through the following strategic initiatives:

- expand the scale and density of DES assets to reinforce our market leadership in China;
- implement AI integration across core operations;
- deploy our DES-based modern electricity service capabilities to empower small and medium-sized electricity trading players; and
- deploy our DES-based modern electricity service capabilities overseas.

For details, see “Business — Our Strategies.”

PATH TO PROFITABILITY

We had loss and total comprehensive loss of RMB291.2 million, RMB298.7 million, and RMB235.4 million in 2023, 2024, and 2025, respectively. Our non-IFRS adjusted net loss, which adjusts loss and total comprehensive loss for the impact of interest on redemption liabilities on ordinary shares and equity-settled share-based payment expenses, which are non-cash items, and [REDACTED] expenses, which are non-recurring, was RMB207.2 million, RMB192.7 million, and RMB76.9 million in 2023, 2024, and 2025, respectively. We were loss-making during the Track Record Period despite our disciplined level of operating expenses because we began exploring our optimal business model for the emerging modern electricity service market in 2023 and thus recorded relatively low revenue and low gross profit margin.

SUMMARY

Our revenue was RMB174.2 million, RMB124.6 million, and RMB520.0 million in 2023, 2024, and 2025, respectively. Our relatively low revenue in 2023 and 2024 was primarily due to our strategic focus on the modern electricity service market, which is still at an early stage to date. Our gross profit margin was 2.6%, 4.2%, and 10.0% in 2023, 2024, and 2025, respectively. Our relatively low gross profit margin during the Track Record Period was primarily due to the early stage of our development.

Our loss-making during the Track Record Period reflects the deliberate strategies that we adopted to validate our business model and achieve leading position in a rapidly expanding market rather than inefficiency in operations. We intend to establish a clear, sustainable path to profitability primarily through the following measures.

Capitalizing on the Growth of Modern Electricity Service Market. Modern electricity services are at an early stage of development, and DES asset operating scale is instrumental to electricity services. According to CIC, the size of the DES asset operation service market increased from 0.2 GWh in 2020 to 10.7 GWh in 2025, representing a CAGR of 123.1%, and is expected to reach 123.3 GWh by 2030, representing a CAGR of 62.9% from 2025 to 2030. According to CIC, we are the largest modern electricity service provider in China in terms of DES asset operating scale as of December 31, 2025 with an operating scale of 799.5 MWh and market share of 7.4%. According to CIC, in terms of electricity trading service fee, the size of China’s electricity trading service market in 2025 was RMB361.3 billion while the penetration rate of electricity trading service with underlying operation DES assets is 0.04% and the size of China’s electricity trading service market is expected to reach RMB842.3 billion with the penetration rate expected to reach 0.7% in 2030. We intend to capitalize on our market position in the market’s growth potential, and leverage our growing DES asset operating scale, which will facilitate the continued growth of our revenue.

Focusing on Key Asset Investors to Increase DES Asset Operating Scale. We have been focusing on key asset investors to expand our DES asset operating scale and hence both the revenue base and the foundation for our electricity services. We refer to an asset investor that invests in 10 MWh or more DES assets in a given year as a key asset investor. Our DES and other asset development revenue and gross profit growth during the Track Record Period validates the preliminary success of our focus on key asset investors. As we further enhance our reputation in DES asset development, we will leverage key asset investors to reach out to more asset investors and electricity users. We plan to continue focusing on key asset investors to further enhance our reputation in DES asset development and thus attract additional asset investors and electricity users.

Optimizing Our Service Offering Mix and Expanding Electricity Services. Our main business lines are DES asset development and electricity services. While DES asset development has been and may continue to be our largest business line, we will expand the high-margin electricity services to help us achieve profitability. Firstly, we will leverage our preparation in prior years and expand electricity services from peak-valley arbitrage to a combination of electricity trading, peak-valley arbitrage, and VPP in key provinces in China. Secondly, we expect our overall gross profit margin to increase starting in 2026. As our electricity trading service expands in light of the expansion of our DES asset operating scale, its high margin profile can increase our overall gross profit margin. In addition, our AI-powered, coordinated electricity trading and DES asset operating strategies also can improve the gross profit margin of DES asset development, which in the foreseeable future would continue to be our largest business line and thus could further improve our overall gross profit margin.

Enhancing Operating Efficiency. We had a disciplined level of operating expenses during the Track Record Period. Our operating expenses, comprising selling and distribution expenses, administrative expenses, and research and development expenses, were RMB170.4 million, RMB166.9 million, and RMB143.1 million in 2023, 2024, and 2025, accounting for 97.8%, 133.9%, and 27.5% of our total revenue for the same years, respectively. While our business expanded during the Track Record Period, our operating expenses decreased steadily. We will continue to strictly control operating expenses and optimize the structure of resource allocation.

For further details, see “Financial Information — Path to Profitability.”

SUMMARY

CUSTOMERS AND SUPPLIERS

Our customers for DES asset development are asset investors. Our customers for electricity services consist of electricity users, project companies, and power grid companies. During the Track Record Period, we primarily conducted DES and other asset development and provided our electricity services to customers in China. In 2023, 2024, and 2025, revenue generated from our top five customers in each applicable year, all of which related to our DES and other asset development business, accounted for 79.5%, 68.0%, and 84.3% of our total revenue, respectively, and revenue generated from our largest customer in each applicable year, all of which related to our DES and other asset development business, accounted for 30.8%, 35.8%, and 29.0% of our total revenue, respectively. Our relatively high customer concentration is primarily due to the fact that DES-based modern electricity service industry is still at its early development stage where asset investors are, for the time-being, limited to resourceful and seasoned investors in the energy sector, which is not uncommon according to CIC.

Our suppliers primarily include equipment suppliers and EPC subcontractors. In 2023, 2024, and 2025, purchases from our top five suppliers in each applicable year accounted for 52.9%, 50.1%, and 53.4% of our total purchases, respectively, and purchases from our largest supplier in each applicable year accounted for 17.5%, 12.5%, and 15.5% of our total purchases, respectively. During the Track Record Period, all our procurement was sourced from suppliers in China.

RISK FACTORS

There are certain risks relating to an [REDACTED] in our H Shares. These risks can be characterized as (i) risks relating to our business and industry; (ii) risks relating to doing business in jurisdictions where we operate; and (iii) risks relating to the [REDACTED]. We believe that the most significant risks we face include the following:

- we have a limited operating history, making it difficult to evaluate our business prospects based on our operating history and historical financial performance, and we may not be successful in expanding our operations or sustain our historical growth rate in the future;
- we are subject to policy changes in the modern electricity service industry in which we operate;
- adverse change in asset investors’ interests in DES assets may materially and adversely affect our business, financial condition, and results of operations;
- our DES asset development may require substantial upfront investment. Without prudent project selection and effective risk management, our business, financial condition, and results of operations may be adversely affected;
- our project-based business model for DES asset development may expose us to fluctuations in project scale and cycle, which may adversely affect our business, financial condition, and results of operations;
- a significant portion of our revenue during the Track Record Period was derived from a limited number of customers, and any decrease in sales to these customers could materially and adversely affect our business, financial condition, and results of operations;
- any adverse development of the supply-demand dynamics for modern electricity services may materially and adversely affect the pricing of our services, which in turn could materially and adversely affect our business, financial condition, and results of operations;
- our industry is characterized by rapid technology iteration. If our research and development efforts fail to achieve the expected results, our business, financial condition, and result of operations could be adversely affected;

SUMMARY

- the integration of AI in our services may not be successful and may present business, compliance, and reputational challenges that could adversely affect our business, financial condition, and results of operations; and
- The success of our business depends on our ability to attract, train, and retain highly skilled key personnel and employees.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

Summary of Results of Operations

The following table sets forth a summary of our consolidated statements of profit or loss and other comprehensive income in absolute amount and as a percentage of our revenue for the periods indicated.

	For the Year Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
<i>(in thousands, except percentages)</i>						
Continuing Operations						
Revenue	174,152	100.0	124,618	100.0	519,976	100.0
Cost of sales	(169,644)	(97.4)	(119,429)	(95.8)	(468,092)	(90.0)
Gross profit	4,508	2.6	5,189	4.2	51,884	10.0
Other income and gains	5,149	3.0	12,150	9.7	49,798	9.6
Selling and distribution expenses	(58,764)	(33.7)	(49,571)	(39.8)	(47,605)	(9.2)
Administrative expenses	(63,360)	(36.4)	(74,947)	(60.1)	(76,006)	(14.6)
Research and development expenses	(48,264)	(27.7)	(42,400)	(34.0)	(19,447)	(3.7)
Impairment losses on financial assets	(7,191)	(4.1)	(9,162)	(7.4)	(2,630)	(0.5)
Other expenses	(394)	(0.2)	(73)	(0.1)	(20,162)	(3.9)
Changes on unlisted investments at fair value through profit or loss	—	—	(5,034)	(4.0)	(4,742)	(0.9)
Interest expenses on borrowings and lease liabilities	(2,732)	(1.6)	(8,170)	(6.6)	(13,767)	(2.6)
Interest expenses on redemption liabilities on ordinary shares	(80,668)	(46.3)	(97,721)	(78.4)	(143,260)	(27.6)
Changes on financial liabilities due to fund investors	(18,894)	(10.8)	(5,609)	(4.5)	(5,834)	(1.1)
Share of profits and losses of associates	—	—	(4)	(0.0)	(194)	(0.0)
Loss before tax from continuing operations	(270,610)	(155.4)	(275,352)	(221.0)	(231,965)	(44.6)
Income tax expense	—	—	(2,321)	(1.9)	(3,417)	(0.7)
Loss and total comprehensive loss for the year from continuing operations	(270,610)	(155.4)	(277,673)	(222.8)	(235,382)	(45.3)
Discontinued Operation						
Loss and total comprehensive loss for the year from a discontinued operation	(20,584)	(11.8)	(20,989)	(16.8)	—	—
Loss and total comprehensive loss for the year	(291,194)	(167.2)	(298,662)	(239.6)	(235,382)	(45.3)

SUMMARY

Non-IFRS Financial Measure

In evaluating our business, we consider and use non-IFRS adjusted net loss, a non-IFRS financial measure, to supplement the review and assessment of our operating performance.

We define non-IFRS adjusted net loss as loss and total comprehensive loss adjusted for the impact of interest on redemption liabilities on ordinary shares and equity-settled share-based payment expenses, which are non-cash items, and [REDACTED], which are non-recurring.

We believe that the non-IFRS financial measure facilitates comparisons of operating performance from period to period and company to company by adjusting for potential impacts of non-cash and non-recurring items. We believe that non-IFRS adjusted net loss provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as it helps our management. Our presentation of non-IFRS adjusted net loss may not be comparable to similarly titled measures presented by other companies. The use of the non-IFRS financial measure has limitations as an analytical tool, and you should not consider it isolation from, or as substitutes for analysis of, our results of operations as reported under the IFRS Accounting Standards.

The following table sets forth the reconciliation of non-IFRS adjusted net loss to loss and total comprehensive loss, the nearest measure prepared in accordance with the IFRS Accounting Standards.

	For the Year Ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Loss and total comprehensive loss for the year .	(291,194)	(298,662)	(235,382)
Add:			
Interest on redemption liabilities on ordinary shares	80,668	97,721	143,260
Equity-settled share-based payment expenses .	3,279	8,259	10,295
[REDACTED] expenses	—	—	4,966
Non-IFRS adjusted net loss	(207,247)	(192,682)	(76,861)

Revenue

During the Track Record Period, we generated revenue primarily from DES and other asset development and electricity services.

For a breakdown of our revenue by business line both in absolute amount and as a percentage of our total revenue during the Track Record Period, see “— Overview — Our Business Model.”

Gross Profit and Gross Profit Margin

The following table sets forth a breakdown of our gross profit and gross profit margins by business line for the years indicated.

	For the Year Ended December 31,					
	2023		2024		2025	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB	%	RMB	%	RMB	%
(in thousands, except percentages)						
DES and Other Asset						
Development	(7,851)	(5.7)	5,308	6.5	46,890	10.1
Electricity Services	9,056	48.9	13,531	38.0	10,772	22.0
Others	6,309	34.9	1,202	17.7	1,696	22.9

SUMMARY

	For the Year Ended December 31,					
	2023		2024		2025	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB	%	RMB	%	RMB	%
<i>(in thousands, except percentages)</i>						
Less: Provision of inventories ⁽¹⁾	(3,006)	—	(14,852)	—	(7,474)	—
Total	4,508	2.6	5,189	4.2	51,884	10.0

Note:

- (1) The provision of inventories was made because the net realizable value of certain constructed energy assets fell below their cost, primarily due to changes in the operating conditions of the underlying electricity users.

During the Track Record Period, our gross profit continued to increase, primarily due to the expansion of our DES asset operating scale.

We incurred gross loss of RMB7.9 million for our DES and other asset development in 2023 primarily due to market volatility affecting our then PV asset development, which constituted our primary revenue source before that year and the primary reason for our strategic shift to DES assets. Most of our PV assets were constructed at relatively high raw material prices, locking in higher costs, while raw material prices for PV assets declined rapidly by the time of the sale of PV assets, significantly impeded the sale price.

During the Track Record Period, our gross profit margin continued to increase, primarily due to (i) the growth of DES and other asset development and its gross profit margin and (ii) the growth of electricity services facilitated by the expansion of our DES asset operating scale, which generally have higher gross profit margin than DES and other asset development.

Summary of the Consolidated Statements of Financial Position

The following table sets forth a summary of our consolidated statements of financial position as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Total current assets	666,188	999,645	999,931
Total non-current assets	90,340	82,542	102,026
Total assets	756,528	1,082,187	1,101,957
Total current liabilities	1,233,322	1,819,836	2,070,131
Total non-current liabilities	37,380	63,089	57,951
Total liabilities	1,270,702	1,882,925	2,128,082
Net current liabilities	(576,134)	(820,191)	(1,070,200)
Paid-in capital	9,478	12,394	12,394
Reserves	(524,380)	(815,539)	(1,040,963)
Non-controlling interest	728	2,407	2,444
Total deficits	(514,174)	(800,738)	(1,026,125)

SUMMARY

We had total deficits as of the end of each year during the Track Record Period. Our total deficits increased from RMB514.2 million as of December 31, 2023 to RMB800.7 million as of December 31, 2024, primarily due to RMB298.7 million loss and total comprehensive loss for the year. Our total deficits further increased from RMB800.7 million as of December 31, 2024 to RMB1.03 billion as of December 31, 2025, primarily due to RMB235.4 million loss and total comprehensive loss for the year.

We had net current liabilities of RMB567.1 million, RMB820.2 million, and RMB1.07 billion as of December 31, 2023, 2024, and 2025, respectively. Our net current liabilities positions as of each of these dates were primarily attributable to redemption liabilities on ordinary shares, partially offset by our cash and cash equivalents, inventories, and prepayments, other receivables, and other assets. We expect that we will turn into a net current assets and net assets position as of the date of this document after reclassifying the redemption liabilities on ordinary shares.

Our net current liabilities increased by 30.5% from RMB820.2 million as of December 31, 2024 to RMB1.07 billion as of December 31, 2025. The increase was mainly due to (i) an increase in redemption liabilities on ordinary shares of RMB143.3 million, (ii) an increase in interest-bearing bank and other borrowings of RMB100.8 million, and (iii) a decrease in inventories of RMB83.4 million, partially offset by (i) an increase in trade and bill receivables of RMB179.3 million and (ii) a decrease in financial liabilities due to fund investors of RMB39.9 million.

Our net current liabilities increased by 44.6% from RMB567.1 million as of December 31, 2023 to RMB820.2 million as of December 31, 2024. The increase was mainly due to (i) an increase in redemption liabilities on ordinary shares of RMB277.7 million, (ii) an increase in interest-bearing bank and other borrowings of RMB217.6 million, and (iii) an increase in trade and bills payables of RMB50.2 million, partially offset by an increase in inventories of RMB314.1 million.

Summary of Consolidated Statements of Cash Flows

The following table sets forth a summary of our consolidated cash flow statements for the years indicated.

	For the Year Ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Net cash flows used in operating activities	(332,538)	(385,537)	(180,981)
Net cash flows generated from/(used in)			
investing activities	16,639	(6,742)	19,632
Net cash flows from financing activities	287,181	426,320	119,649
Net (decrease)/increase in cash and cash			
equivalents	(28,718)	34,041	(41,700)
Cash and cash equivalents at the beginning of			
the year	261,460	232,417	266,445
Effect of foreign exchange rate changes, net . . .	(325)	(13)	—
Cash and cash equivalents at the end of the			
 year	232,417	266,445	224,745

SUMMARY

Key Financial Ratios

	For the Year Ended December 31,		
	2023	2024	2025
Gross profit margin (%)	2.6	4.2	10.0
Non-IFRS adjusted net loss margin ⁽¹⁾ (%)	(119.0)	(154.6)	(14.8)
	As of December 31,		
	2023	2024	2025
Current ratio ⁽²⁾ (times)	0.5	0.5	0.5
Quick ratio ⁽³⁾ (times)	0.4	0.3	0.3

Notes:

- (1) Non-IFRS adjusted net loss margin is calculated as the non-IFRS adjusted net loss divided by total revenue.
- (2) Current ratio is calculated as the total current assets divided by total current liabilities.
- (3) Quick ratio is calculated as the total current assets less inventories divided by total current liabilities.

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, our Controlling Shareholders Group comprises (i) Ms. Wei, (ii) her controlled entity, Shanghai Tuxin and (iii) Dr. Yan, which collectively held approximately 40.43% of our total issued Shares. See “Relationship with our Controlling Shareholders — our Controlling Shareholders Group” for further details.

Immediately following the completion of the [REDACTED] and assuming that no new Shares are issued under the [REDACTED], our Controlling Shareholders Group will be entitled to collectively control the exercise of approximately [REDACTED] of the total voting rights of our Company.

[REDACTED] INVESTORS

Through continuous pursuit of excellence and enhancement of our offerings, we attracted strategic investors who shared our vision for the modern electricity service industry. As of the Latest Practicable Date, we have received eight rounds of [REDACTED] Investments. See “History, Development and Corporate Structure — [REDACTED] Investments” for further details of the background of the [REDACTED] Investors and principal terms of the [REDACTED] Investments.

[REDACTED] STATISTICS

The statistics in the following table are based on the assumptions that (i) the [REDACTED] has been completed and [REDACTED] H Shares are newly issued in the [REDACTED], and (ii) the [REDACTED] for the [REDACTED] is not exercised:

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

SUMMARY

Notes:

- (1) The calculation of [REDACTED] is based on [REDACTED] Shares expected to be in issue immediately upon completion of the [REDACTED].
- (2) The unaudited [REDACTED] adjusted net tangible asset per Share as of [December 31, 2025] is calculated after making the adjustments referred to in Appendix II and on the basis that [REDACTED] Shares are expected to be in issue immediately upon completion of the [REDACTED].

For the calculation of the unaudited [REDACTED] adjusted net tangible asset value per Share attributed to our Shareholders, see the section headed “Unaudited [REDACTED] Financial Information” in Appendix II to this document.

FUTURE PLANS AND [REDACTED]

We estimate that we will receive [REDACTED] from the [REDACTED] of HK\$[REDACTED] assuming no exercise of the [REDACTED], based on an assumed [REDACTED] of HK\$[REDACTED] per [REDACTED], being the mid-point of the [REDACTED] range of HK\$[REDACTED] to HK\$[REDACTED] per [REDACTED], after deducting [REDACTED] commissions and fees and other estimated [REDACTED] expenses paid and payable by us in relation to the [REDACTED].

In line with our strategies to enhance our domestic presence, implement AI integration across core operations, and expand into global market of the modern electricity services, we plan to use the net [REDACTED] from the [REDACTED] for the purposes and in the amounts set forth below:

- approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED], will be used to enhance the scale and density of our assets network and to further strengthen our domestic presence in the modern electricity service market;
- approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED], will be used for the research and development to enhance our AI capabilities for Green Electricity platform and Mushroom Xiaomei AI agent platform;
- approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED], will be used to advance global deployment of DES assets and support our overseas expansion; and
- approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED], will be used for working capital and other general corporate purposes.

For details, see “Future Plans and [REDACTED].”

[REDACTED] EXPENSES

Based on the mid-point [REDACTED] of HK\$[REDACTED], the total estimated [REDACTED] expenses in relation to the [REDACTED] is approximately RMB[REDACTED] (HK\$[REDACTED]) assuming no new Shares are issued under the [REDACTED]. Such estimated total [REDACTED] expenses include (i) [REDACTED] related expenses of approximately RMB[REDACTED] (HK\$[REDACTED]); (ii) fees and expenses of our legal advisors and reporting accountant of approximately RMB[REDACTED] (HK\$[REDACTED]); and (iii) other fees and expenses of approximately RMB[REDACTED] (HK\$[REDACTED]).

Up to December 31, 2025, [REDACTED] expenses of approximately RMB[REDACTED] (HK\$[REDACTED]) were charged to our profit or loss, while as of December 31, 2025, approximately RMB[REDACTED] (HK\$[REDACTED]) was recognized as [REDACTED] expenses to be capitalized in prepayments, and such amount is expected to be recognized directly as a deduction from equity upon the [REDACTED].

SUMMARY

We expect to incur additional [REDACTED] expenses of approximately RMB[REDACTED] (HK\$[REDACTED]), of which approximately RMB[REDACTED] (HK\$[REDACTED]) is expected to be charged to our consolidated statement of profit or loss and approximately RMB[REDACTED] (HK\$[REDACTED]) will be deducted from equity.

APPLICATION FOR [REDACTED] ON THE STOCK EXCHANGE

We have applied to the Stock Exchange for the granting of the [REDACTED] of, and the permission to [REDACTED] in, the H Shares to be [REDACTED] and [REDACTED] pursuant to the [REDACTED] (including any Shares which may be issued pursuant to the exercise of the [REDACTED]) and [REDACTED] of the Domestic Shares into H Shares. We satisfy the market capitalization/revenue test under Rule 8.05(3) of the Listing Rules with reference to, among other things, (i) our revenue for the year ended December 31, 2025 of over HK\$500 million, and (ii) our expected market capitalization at the time of the [REDACTED] based on the [REDACTED] of [REDACTED] per [REDACTED] (being the low-end of the indicative [REDACTED] range) exceeds HK\$4 billion, as required by Rule 8.05(3) of the Listing Rules.

RECENT DEVELOPMENT

Since January 1, 2026 and up to the Latest Practicable Date, we further validated our electricity trading service and expanded our footprint across both domestic and overseas markets.

Electricity Trading. Since January 1, 2026 and up to the Latest Practicable Date, we successfully rolled out our electricity trading service in key provinces such as Jiangsu, Zhejiang, and Anhui where we provided competitive price and executed trading for 1.35 billion kWh of electricity out of approximately six billion kWh of electricity contracted for trading in 2026. Since January 1, 2026 and up to the Latest Practicable Date, we had additional 251.4 million kWh of electricity contracted for trading in 2026.

Expansion into New Asset Type. As of the Latest Practicable Date, our first 100MW/200MWh standalone energy storage project in Zhenjiang, Jiangsu Province officially commenced construction, further expanding our footprint in the investment and operation of energy storage assets.

Overseas Expansion. Since January 1, 2026 and up to the Latest Practicable Date, we identified several project opportunities in Japan and Finland, marking our initial entry into these new overseas markets.

LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not a party to any material legal, arbitral, or administrative proceedings, and we were not aware of any pending or threatened legal, arbitral, or administrative proceedings against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition, and results of operations. 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.

NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work that our Directors consider appropriate and after due and careful consideration, our Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since December 31, 2025, being the end date of the periods reported on in the Accountants’ Report included in Appendix I to this document, and there is no event since December 31, 2025 that would materially affect the information as set out in the Accountants’ Report included in Appendix I to this document.

DEFINITIONS

In this document, unless the context otherwise requires, the following terms shall have the meanings set forth below. Certain technical terms are explained in “Glossary of Technical Terms” in this document.

“2021 Share Incentive Plan”	the [REDACTED] share incentive plan approved, ratified and adopted by our Company pursuant to the resolutions of our then Shareholders and Board of Directors passed on December 29, 2023, the details of which are set out in the section headed “Statutory and General Information — [REDACTED] Share Incentive Plans”
“2023 Share Incentive Plan”	the [REDACTED] share incentive plan approved and adopted by our Company pursuant to the resolutions of our then Shareholders and Board of Directors passed on December 29, 2023, the details of which are set out in the section headed “Statutory and General Information — [REDACTED] Share Incentive Plans”
“2025 Share Incentive Plan”	the [REDACTED] share incentive plan approved and adopted by our Company pursuant to the resolutions of our then Shareholders and Board of Directors passed on December 10, 2025, the details of which are set out in the section headed “Statutory and General Information — [REDACTED] Share Incentive Plans”
“Accountants’ Report”	the audited consolidated financial statements of our Company for the Track Record Period, as included in Appendix I
“affiliate(s)”	with respect to any person, any other person, directly or indirectly, controlling, controlled by or under common control with such person
“AFRC”	the Accounting and Financial Reporting Council of Hong Kong
“Articles” or “Articles of Association”	the amended and restated articles of association of the Company, which was conditionally adopted on [●] with effect from the [REDACTED], as amended, supplemented or restated from time to time; see the section headed “Summary of the Articles of Association” in Appendix V for a summary of the Articles
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Beijing Makesense”	Beijing Makesense Energy Technology Co., Ltd. (北京美克生能源科技有限公司), a limited liability company established in China on November 21, 2024, and is a wholly-owned subsidiary of the Company as of the Latest Practicable Date
“Board” or “Board of Directors”	the board of Directors of the Company

[REDACTED]

DEFINITIONS

“business day”	a day on which banks in Hong Kong are generally open for business to the public and which is not a Saturday, Sunday, or public holiday in Hong Kong
[REDACTED]	
“China” or “PRC”	People’s Republic of China, and, unless the context requires otherwise and solely for the purpose of this document such as describing legal or tax matters, industries, authorities, entities, or persons, excluding Hong Kong Special Administrative Region, Macao Special Administrative Region, and Taiwan region of the People’s Republic of China
“CIC” or “China Insights Consultancy”	China Insights Industry Consultancy Limited (灼識企業管理諮詢(上海)有限公司), an independent market research and consulting company
“CIC Report”	the report prepared independently by CIC and commissioned by us
“close associate(s)”	has the meaning ascribed to it 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” or “Companies (WUMP) 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”	Makesense Energy Technology Co., Limited (美克生能源科技股份有限公司), a limited liability company established in China on January 19, 2018, which was converted into a joint stock limited liability company on February 5, 2026
“Concert Party Deed”	the deed of acting in concert entered into by Ms. Wei and Dr. Yan on June 18, 2020
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholders”	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Ms. Wei, her controlled entity, Shanghai Tuxin and Dr. Yan

DEFINITIONS

“[REDACTED] of Domestic Shares into H Shares”	the [REDACTED] of [REDACTED] Domestic Shares into H Shares on a one-for-one basis upon the completion of the [REDACTED]. Such [REDACTED] of Domestic Shares into H Shares has been approved by the CSRC on [●] and an application for H Shares to be [REDACTED] on the Stock Exchange has been made to the [REDACTED]
“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	the director(s) of our Company
“Domestic Share(s)”	ordinary share(s) in the share capital of the Company with a nominal value of RMB[0.10] each, which is/are not [REDACTED] on any stock exchange
“Dr. Liu”	Dr. Liu Shuangyu (劉雙宇), an executive Director
“Dr. Yan”	Dr. Yan Xiao (嚴曉), an executive Director and one of our Controlling Shareholders
“Employee Shareholding Platform(s)”	our employee shareholding platforms, namely Shanghai Tuxin, Meisheng Gongjin and Meisheng Gongmou
“Extreme Conditions”	the occurrence of “extreme conditions” as announced by any government authority of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before Typhoon Signal No. 8 or above is replaced with Typhoon Signal No. 3 or below

[REDACTED]

“Group” or “we”	our Company and, where appropriate, our subsidiaries or, in respect of the period before our Company became the holding company of our present subsidiaries, the businesses operated by such subsidiaries or their predecessors, as the case may be

DEFINITIONS

“Guide” the Guide for New Listing Applicants published by the Stock Exchange effective from January 1, 2024, and amended from time to time

“H Share(s)” Shares which an application has been made for the [REDACTED] and permission to [REDACTED] the Stock Exchange with nominal value of RMB[0.10] each

[REDACTED]

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

[REDACTED]

“Hong Kong” Hong Kong Special Administrative Region of the People’s Republic of China

[REDACTED]

“Hong Kong Takeovers Code” or “Takeovers Code” Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC

DEFINITIONS

[REDACTED]

“IFRS Accounting Standards”	the accounting standards issued by the International Accounting Standards Board
“Independent Third Party(ies)”	person(s) or company(ies), who/which, to the best of our Directors’ knowledge, information and belief, is/are not our connected persons

[REDACTED]

“Latest Practicable Date”	April 17, 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this document prior to its publication

[REDACTED]

DEFINITIONS

[REDACTED]

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange
“Meisheng Gongjin”	Shanghai Meisheng Gongjin Enterprise Management Consulting Partnership (Limited Partnership) (上海美生共進企業管理諮詢合夥企業(有限合夥)), a limited partnership established under PRC laws on July 5, 2024, which is a platform established for the purpose of implementation of our 2023 Share Incentive Plan and 2025 Share Incentive Plan and is, as of the Latest Practicable Date, ultimately controlled by Dr. Liu, its executive management partner
“Meisheng Gongmou”	Shanghai Meisheng Gongmou Enterprise Management Consulting Partnership (Limited Partnership) (上海美生共謀企業管理諮詢合夥企業(有限合夥)), a limited partnership established under PRC laws on July 1, 2024, which is a platform established for the purpose of implementation of our 2023 Share Incentive Plan and 2025 Share Incentive Plan and is, as of the Latest Practicable Date, ultimately controlled by Dr. Liu, its executive management partner
“Ms. Wei”	Ms. Wei Qiong (魏瓊), an executive Director and one of our Controlling Shareholders
“NDRC”	National Development and Reform Commission of the People’s Republic of China (中華人民共和國國家發展和改革委員會)

DEFINITIONS

[REDACTED]

“PRC GAAP”	generally accepted accounting principles in China
“PRC Legal Advisor”	AllBright Law Offices, our legal advisor as to PRC laws in connection with the [REDACTED]
“[REDACTED] Investment(s)”	the [REDACTED] investment(s) in our Company, the details of which are set out in “History, Development and Corporate Structure — [REDACTED] Investments”
“[REDACTED] Investor(s)”	the investor(s) of the [REDACTED] Investments
“[REDACTED] Share Incentive Plans”	the 2021 Share Incentive Plan, the 2023 Share Incentive Plan and the 2025 Share Incentive Plan

[REDACTED]

[REDACTED]

“Regulation S”	Regulation S under the U.S. Securities Act
“RMB” or “Renminbi”	Renminbi yuan, the lawful currency of the People’s Republic of China

DEFINITIONS

“SAFE”	the State Administration for Foreign Exchange of the People’s Republic of China (中華人民共和國國家外匯管理局)
“SAIC”	the State Administration of Industry and Commerce of the People’s Republic of China (中華人民共和國國家工商行政管理總局), which has now been merged into the SAMR
“SAMR”	the State Administration for Market Regulation of the People’s Republic of China (中華人民共和國國家市場監督管理總局)
“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
“Shanghai Tuxin”	Shanghai Tuxin Enterprise Management Partnership (Limited Partnership) (上海途新企業管理合夥企業(有限合夥)), a limited partnership established under PRC laws on March 15, 2021, which is a platform established for the purpose of implementation of our [REDACTED] Share Incentive Plans and is, as of the Latest Practicable Date, ultimately controlled by Ms. Wei, its executive management partner
“Share(s)”	ordinary share(s) in the share capital of our Company, with a nominal value of RMB[0.1] each, comprising the Domestic Shares and H Shares
“Share Subdivision”	the subdivision of one Share of RMB1.00 into 10 Shares of RMB0.10 each immediately before the [REDACTED], as approved by our Shareholders in general meeting on April 15, 2026
“Shareholder(s)”	holder(s) of the Share(s)
“Sole Sponsor”	Guotai Junan Capital Limited

[REDACTED]

“Stock Exchange” or “Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary” or “subsidiaries”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed to it in the Listing Rules
“Track Record Period”	the years ended December 31, 2023, 2024, and 2025.

DEFINITIONS

“Treasury Shares”	Shares repurchased and held by the Company in treasury (which include Shares repurchased by the Company and held or deposited in [REDACTED] for sale on the Stock Exchange) from time to time
“U.S. dollars” or “US\$”	United States dollars, the lawful currency of the United States
“U.S. Securities Act”	United States Securities Act of 1933 and the rules and regulations promulgated thereunder

[REDACTED]

“United States”	the United States of America, its territories, its possessions, any State of the United States, and the District of Columbia
“VAT”	value-added tax

[REDACTED]

“Zhejiang Makesense”	Zhejiang Makesense Energy Technology Co., Ltd. (浙江美克生能源科技有限公司), a limited liability company established in China on October 26, 2022, and is a wholly-owned subsidiary of the Company as of the Latest Practicable Date
“Zhongyue Architecture”	Zhongyue Architecture (Shanghai) Co., Ltd. (中岳建築(上海)有限公司), a limited liability company established in China on October 28, 2019, and is a wholly-owned subsidiary of the Company as of the Latest Practicable Date
“%”	per cent

Unless otherwise specified, in this document:

- (a) *certain amounts and percentage figures 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; and*
- (b) *for ease of reference, the names of PRC laws and regulations, governmental authorities, institutions, nature persons or other entities (including certain of 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 OF TECHNICAL TERMS

This glossary contains definitions of certain technical terms used in this document in connection with us and our business. These may not correspond to standard industry definitions and may not be comparable to similar terms adopted by other companies.

“AI”	artificial intelligence
“AI Agent”	an artificial intelligence system capable of autonomously performing tasks with limited human intervention
“demand response”	the process of supporting the balance and efficient operation of the power system by adjusting electricity consumption and reducing, increasing, or shifting electricity usage
“DES”	distributed energy storage, a reference to localized energy storage system deployed to electricity users, particularly industrial and commercial users
“EPC”	engineering, procurement, construction, a commercial arrangement for contractors to execute and deliver large-scale infrastructure projects, including DES asset development projects
“frequency regulation”	the process of balancing the supply and demand of electricity to maintain the frequency of electricity and the stability of the electric power system
“GWh”	gigawatt-hours, an unit measuring amount of energy
“ISO”	a well-respected international standard of quality management
“MWh”	megawatt-hours, an unit measuring amount of energy
“peak shaving”	the practice of reducing electricity demand during peak periods, typically by curtailing load or discharging energy storage systems
“peak-valley arbitrage”	the practice of charging electricity at a lower price during off-peak periods and discharging it at a higher price during peak periods to reduce the cost of electricity consumption
“physical power node”	a point where electricity is physically distributed and transferred
“PV”	photovoltaic, a reference to technology that converts solar energy into electricity
“SOC”	State of Charge, a description of the current energy level of a battery as a percentage of its total rated capacity
“SOH”	State of Health, a description of current health or performance level of a battery as a percentage of its original rated capacity, reflecting its degree of degradation and remaining life
“TWh”	terawatt-hours, an unit measuring amount of energy
“valley filling”	the practice of increasing electricity consumption or charging energy storage systems during periods of low demand in order to reduce expenses

FORWARD-LOOKING STATEMENTS

Certain statements in this document are forward-looking statements that are, by their nature, subject to significant risks and uncertainties. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions, future events, or performance (often, but not always, through the use of words or phrases such as “aim,” “anticipate,” “aspire,” “believe,” “could,” “estimate,” “expect,” “goals,” “going forward,” “intend,” “may,” “objective,” “ought to,” “outlook,” “plan,” “project,” “projection,” “seek,” “schedules,” “should,” “target,” “vision,” “will,” “would”) are not historical facts, are forward-looking, may involve estimates and assumptions, and are subject to risks (including but not limited to the risk factors detailed in this document), uncertainties, and other factors, some of which are beyond our control and are difficult to predict. Accordingly, these factors could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements.

Our forward-looking statements have been based on assumptions and factors concerning future events that may prove to be inaccurate. Those assumptions and factors are based on information currently available to us about the businesses that we operate. The risks, uncertainties, and other factors, many of which are beyond our control, that could influence actual results include, but are not limited to:

- our mission, goals, and strategies;
- our future business development, financial conditions, and results of operations;
- our expectations regarding demand for and market acceptance of our products and solutions;
- our expectations regarding our relationships with customers, business partners, suppliers, and other third parties;
- changes in the macro environment, regional and global economy, and industry trends relating to our operations;
- our ability to adequately protect our reputation and brand image, as well as our intellectual property rights;
- our ability to obtain adequate capital resources to fund future development plans;
- our ability to control costs, as well as to achieve and maintain operational efficiency;
- our ability to attract and retain qualified personnel;
- competition in the industries and markets in which we operate or into which we intend to expand;
- our proposed [REDACTED];
- rapid developments in technology and our ability to successfully keep up with technological advancement;
- changes in currency exchange rates;
- relevant government policies and regulations relating to industries which we operate in; and
- all other risks and uncertainties described in “Risk Factors.”

Since actual results or outcomes could differ materially from those expressed in any forward-looking statements, we strongly caution [REDACTED] against placing undue reliance on any such forward-looking statements. Any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by the Listing Rules, we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. Statements of, or references to, our intentions or those of any of our Directors are made as of the date of this document. Any such intentions may change in light of future developments.

All forward-looking statements in this document are expressly qualified by reference to this cautionary statement.

RISK FACTORS

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, before deciding to make any [REDACTED] in our H Shares. Our business, financial condition, or results of operations could be materially and adversely affected by any of these risks and uncertainties. Additional risks and uncertainties that are presently unknown to us or not expressed or implied below or that we currently deem immaterial could also harm our business, financial condition, or results of operations. The market price of the H Shares could decline significantly due to any of these risks and uncertainties, and you may lose all or part of your [REDACTED].

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

We have a limited operating history, making it difficult to evaluate our business prospects based on our operating history and historical financial performance, and we may not be successful in expanding our operations or sustain our historical growth rate in the future.

We were established in 2018 and our limited operating history makes it difficult to evaluate our business prospects. In particular, given the innovative nature of our business model, it is difficult to predict our future operating and financial performance, and we cannot assure you that our business model will continue to be viable or achieve commercial success. Our historical financial performance is not indicative of our future performance. You should comprehensively consider our business and prospects in light of the risks and challenges that we face in our industry, including our ability to:

- deliver reliable and high-quality electricity services;
- continually improve our research and development capabilities;
- effectively manage our supply chain;
- improve operating efficiency and achieve economies of scale;
- build a well-recognized and respected brand;
- adapt to changing market conditions, including technological developments and changes in the competitive landscape; and
- effectively manage our growth in the ever-changing regulatory environment.

If we fail to address any of the aforesaid risks and challenges, our business, financial condition, and results of operations could be materially and adversely affected.

Our growth may be affected by factors such as our ability to manage a continually growing organization as we expand, control expenses and investments in anticipation of expanded operations, implement and strengthen management infrastructure and business processes, comply with environmental, workplace safety, and other regulations, execute our strategies successfully, and address new markets and unforeseen challenges as they arise.

If we are unable to manage our growth effectively, we may be unable to take advantage of market opportunities, execute our business strategies, or respond to competitive pressures, which could materially and adversely affect our business, financial condition, and results of operations.

RISK FACTORS

We are subject to policy changes in the modern electricity service industry in which we operate.

The modern electricity service industry in which we operate is currently at its early development stage, characterized by a rapidly evolving regulatory landscape in China. Some policies favorable to our business have only recently been progressively rolled out in recent years. For example, the electricity spot market policies in China, which are inextricably linked to our electricity trading service, have only seen progressive liberalization and implementation since 2025. In addition, while various provinces in China are accelerating the rollout of VPP-related policies, the specific regulatory requirements and electricity pricing structures vary significantly from province to province. In the short term, this evolving regulatory landscape is subject to uncertainties, which could pose operational challenges to us and complicate our cross-regional expansion efforts. While various supportive policies relating to our industry have been introduced in recent years, such as those relating to electricity consumption, electricity trading, and ancillary services, these policies may be reduced, modified, or revoked at any time. Any such change could adversely affect the growth of the modern electricity service industry and reduce the demand for our services, which could materially and adversely affect our business, financial condition, and results of operations.

Adverse change in asset investors’ interests in DES assets may materially and adversely affect our business, financial condition, and results of operations.

We may be adversely affected by adverse change in asset investors’ interest in DES assets. Higher financing costs for asset investors will raise their hurdle rates and tighten project screening criteria, such as higher yields and more stable cash flows, which may fundamentally weaken their willingness to purchase DES assets and ultimately reduce our business opportunities. In addition, we are subject to the risk of changes in asset allocation preferences and opportunity costs of our asset investors if other asset classes in the market offer more attractive investment opportunities, such as higher return rates. The substitution effect of other asset classes may weaken the overall demand for our DES asset development, constrain our expansion scale, and undermine our bargaining position in project pricing negotiations. As a result, our business, financial condition, and results of operations may be materially and adversely affected.

A narrower peak-valley electricity price spread may adversely affect our business.

A narrower spread between peak and valley electricity prices may adversely affect our business, financial condition, and results of operations. Our peak-valley arbitrage service relies on capturing price differences between peak and valley periods. Various factors beyond our control, such as changes in supply and demand dynamics, electricity market policies, regulatory adjustments to peak-valley pricing, and macroeconomic fluctuations, may reduce the peak-valley price spread. A narrower spread will directly lower our profit margins from peak-valley arbitrage service. If the price spread narrows or disappears, our business, financial condition, and results of operations could be materially and adversely affected.

Our DES asset development may require substantial upfront investment. Without prudent project selection and effective risk management, our business, financial condition, and results of operations may be adversely affected.

Our DES asset development may require substantial upfront capital and resources during the early stages of project development. The successful completion of such projects is subject to several factors beyond our control, including regulatory approval and supply chain stability. Any delay or disruption in these processes may result in cost overruns, project postponements, or cancellations, which could adversely affect our business, financial condition, and results of operations. In addition, the long payback period associated with these capital-intensive projects may affect our liquidity and profitability. We cannot assure you that we will always accurately assess project feasibility, manage project development and operating risks, or respond promptly to market changes, which may adversely affect our business, financial condition, and results of operations.

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Our project-based business model for DES asset development may expose us to fluctuations in project scale and cycle, which may adversely affect our business, financial condition, and results of operations.

During the Track Record Period, a significant portion of revenue was derived from project-based engagements for our DES asset and other asset development. Revenue generated from such projects is inherently one-time in nature because each project is subject to separate negotiation, procurement processes, and customer budget cycles. As a result, we may not be able to secure follow-on projects from existing customers or obtain new projects on a timely basis, or at all. In addition, the scale and cycle of our projects can vary significantly depending on customers’ internal planning, investment priorities, technical requirements, and implementation scope. The timing, value, and profitability of each project are therefore subject to substantial uncertainty. Larger-scale projects may require longer sales and implementation cycles, while smaller or delayed projects may reduce our ability to achieve economies of scale or maintain a stable revenue base. These characteristics may cause our revenue to fluctuate from period to period and make it difficult for us to accurately forecast our financial performance. If we are unable to consistently secure new projects, if project scale decreases or becomes more volatile, or if project cycle lengthens, our business, financial condition, and results of operations could be materially and adversely affected.

A significant portion of our revenue during the Track Record Period was derived from a limited number of customers, and any decrease in sales to these customers could materially and adversely affect our business, financial condition, and results of operations.

In 2023, 2024, and 2025, a significant portion of our revenue was derived from our five largest customers in each applicable year, all of which related to our DES asset development business, accounting for 79.5%, 68.0%, and 84.3% of our total revenue, respectively. We cannot assure you that we will be able to maintain our business relationships with these customers or continue to generate the same level of revenue from them in the future. If any of our major customers significantly reduces its investment in us, delays, or terminates its business relationship with us, or if we fail to replace the revenue derived from such customer in a timely manner, our business, financial condition, and results of operations could be materially and adversely affected.

Any adverse development of the supply-demand dynamics for modern electricity services may materially and adversely affect the pricing of our services, which in turn could materially and adversely affect our business, financial condition, and results of operations.

Our results of operations have been and are expected to continue to be affected by downstream demands for modern electricity services. The downstream demands are affected by many factors, including policies that promote the development of energy storage and electricity trading, and government subsidies to downstream players in the value chain of the industry.

If future market demands for modern electricity services are materially different from our projection, our business growth may be limited, and our financial condition and results of operations may be materially and adversely affected.

In addition, if our electricity users experience decline in demand for their products or services, then the demand for our services will decrease correspondingly, which may materially and adversely affect our business, financial condition, and results of operations.

RISK FACTORS

Our industry is characterized by rapid technology iteration. If our research and development efforts fail to achieve the expected results, our business, financial condition, and result of operations could be adversely affected.

Our industry is characterized by rapid technological iteration, which constantly reshapes market demand and customer expectations. We cannot assure you that our ongoing investments will always yield the expected technological breakthroughs or commercial success. Research and development activities are inherently uncertain and subject to various risks, including failure to achieve intended technical results, delays in development timelines, and inability to keep pace with the technological advances in the industry. If we are unable to maintain industry leadership in technology and services, we may lose our competitive edge, which could result in the loss of existing customers and hinder our ability to attract new customers. In addition, our new services may not achieve market acceptance or may be rendered obsolete by competing technologies. In addition, our upgraded or newly developed services may not generate profits within a short period or at all, which could adversely affect our business, financial condition, and results of operations.

Furthermore, we cannot assure you that our existing or potential competitors will not develop services that are similar or superior to our services or more competitively priced. Due to uncertainties in the time frame for developing new services and the duration of market window for these services, we may have to abandon a service or a potential service that is no longer commercially viable, even after we have invested significant resources in the development of such service.

If we fail to respond appropriately in the aforementioned situations, our expenditures in research and development may not generate corresponding benefits, which may materially and adversely affect our business, financial condition, and results of operations.

The integration of AI in our services may not be successful and may present business, compliance, and reputational challenges that could adversely affect our business, financial condition, and results of operations.

We have integrated and will continue to integrate AI capabilities into our services, which is one of our key growth strategies. We cannot assure you that we will continue to respond to constant changes in AI technologies and succeed in such integration in the future.

AI technologies are still at a preliminary stage of development and will continue to evolve. Flaws or deficiencies in AI technologies could undermine the accuracy and thoroughness of our business analysis and decisions. We cannot assure you that we will be able to detect and remedy such flaws or deficiencies in a timely manner, or at all. If the recommendations, forecasts, or analyses generated by AI technologies are inaccurate or deficient, we may face competitive disadvantages, legal liabilities, and potential damage to our reputation or ethical standing. Any flaws or deficiencies in AI technologies, whether actual or perceived, could materially and adversely affect our business, financial condition, and results of operations.

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

As a result of the highly specialized and technical nature of our business, we must attract, train, and retain a sizable workforce comprising key personnel and other employees with deep industry knowledge and extensive technical expertise. If one or more of our key personnel or highly skilled employees were unable or unwilling to continue their services with us, we might not be able to replace them easily in a timely manner, or at all.

In addition, our industry is characterized by high demand and intense competition for talent, we may have to offer higher salaries and benefits in order to attract and retain highly skilled key personnel or other employees that we will need to achieve our strategic objectives. As we are still a relatively young company, our ability to recruit, train, and integrate new employees into our operations may not meet the growing demands of our business. Any failure to attract, train, or retain key personnel and other highly skilled employees in numbers that are sufficient to satisfy our operating needs would materially and adversely affect our business, financial condition, and the results of operations.

RISK FACTORS

We incurred loss and total comprehensive loss, net current liabilities, and net operating cash outflows in the past, and we may not be able to achieve or maintain profitability in a short time.

We incurred loss and total comprehensive loss during the Track Record Period. In 2023, 2024, and 2025, our loss and total comprehensive loss was RMB291.2 million, RMB298.7 million, and RMB235.4 million, respectively. We may continue to incur loss and total comprehensive loss in the short term, as we are in the stage of expanding our business and operations rapidly in the modern electricity service market. We may not be able to achieve or subsequently maintain profitability in the near future. If we are unable to generate adequate revenues, we may continue to incur significant losses and may not be able to achieve or subsequently maintain profitability.

In addition, we recorded net current liabilities and net operating cash outflows throughout the Track Record Period. We recorded net current liabilities of RMB567.1 million, RMB820.2 million, RMB1.07 billion as of December 31, 2023, 2024, and 2025, respectively. We recorded net operating cash outflows of RMB332.5 million, RMB385.5 million, and RMB181.0 million in 2023, 2024, and 2025, respectively. We cannot assure you that we will be able to generate net operating cash inflows in the future. If we have a net current liabilities position or continue to record net operating cash outflows in the future, our working capital may be constrained, which may adversely affect our financial condition. Our future liquidity primarily depends on our ability to maintain adequate cash inflows from our operating activities and adequate external financing such as offering and issuing securities, or other sources such as external debt, which may not be available on terms favorable or commercially reasonable to us or at all. If we fail to obtain sufficient funding in a timely manner and on reasonable terms, or at all, we will be in default of our payment obligations and may not be able to expand our business. As a result, our business, financial condition, and results of operations may be adversely affected.

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

The modern electricity service industry in China is currently at its early development stage with a diverse array of players looking to enter the market, and we expect that the competition will intensify in the future. Our existing competitors may seek to increase their market shares through various measures, such as continued research and development efforts, expanded business scale, optimized operating processes, and active marketing campaigns. Our competitors may also have greater financial resources than us. We expect to face competition from both existing and new competitors as we expand our business into new business lines, geographic regions, and service categories. Competition could also adversely affect the demand for and pricing of our services, which in turn affects our growth and market share. Even if there is sufficient downstream demand for modern electricity services, we cannot assure you that we will always succeed in competing with other market players for orders from downstream customers. If we fail to compete effectively, we may not be able to retain or expand our market share, which would have a material adverse effect on our business, financial condition, and results of operations.

Our planned expansion into new regional markets may be delayed or challenged.

We intend to actively seek expansion opportunities in China and overseas. Our current strategy is to develop the PRC markets and gradually expand into overseas markets. In the PRC market, we plan to expand from Yangtze River Delta to other regions. Meanwhile, we intend to further expand into overseas markets such as Europe and East Asia. We may encounter difficulties when expanding into new regional markets. We may lack knowledge and experience with certain local markets, and our competitors in these new markets may have more robust financial resources, a more established presence, and a better understanding of customer demands and preferences. Our overseas expansion efforts may be affected by factors beyond our control, including macroeconomic conditions, local government policies, competition in the modern electricity service industry, and changes in customer demand. If we fail to effectively manage our business strategies or expansion plans, or the rising costs associated with them, our business, financial condition, and results of operations may be adversely affected.

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We may not be able to accurately anticipate or timely respond to changes in market trends.

Our success and continued growth depend on our ability to develop innovative electricity services that meet the evolving needs of our customers. Developing these services requires skilled research and development personnel and the ability to anticipate industry trends and customer demands. We cannot assure you that we will successfully identify or develop new services on a timely basis or at all. In addition, we cannot assure you that our new technologies will be accepted by customers or integrated into their energy procurement and operating plans.

The modern electricity service industry is influenced by changes in power market regulations, industry standards, energy efficiency and safety requirements, and customer procurement preferences. These factors can change rapidly and may be difficult to predict. Our ability to respond depends on accurate market analysis, timely customer feedback, strong research and development capabilities, and cost-effective service delivery. If we fail to anticipate or respond to these changes, or misjudge customer demand, our growth and financial performance could be adversely affected, potentially leading to reduced business volumes or the loss of key customers.

Fluctuations in prices of raw materials or unstable supply of raw materials could adversely affect our business, financial condition, and results of operations.

The current or expected supply of our key raw materials may fluctuate depending on a number of factors beyond our control, including the availability of resources in the raw materials market, market demand, potential speculation, market disruptions, natural disasters, and other factors. We may not be able to obtain stable, high-quality raw materials at reasonable prices at all times.

During the Track Record Period, raw materials for our business primarily included lithium carbonate and PV modules. Historically, we experienced significant price fluctuations in PV modules. We recorded gross loss from the then PV asset development in 2023, primarily due to locked-in high construction costs versus rapidly declining raw material prices at the time of the sale of PV assets. We cannot assure you that we will not experience significant fluctuations in the prices of raw materials in the future.

In addition, we currently purchase certain key raw materials and components from third parties. If our current suppliers are unable to satisfy our future requirements of quantity and quality of raw materials on a timely basis, we may have to seek alternative sources for necessary materials and components. If we fail to do so, it could cause significant delays in our delivery, leading to potential liabilities, reputational damage, and materially and adversely affect our business, financial condition, and results of operation.

We have historically relied on significant borrowings to fund our operations, and any additional indebtedness, increased borrowing costs, or uncertainty in sources of our future financing may adversely affect our business operations and financial performance.

During the Track Record Period, we heavily relied on certain borrowings to finance our business operations. As of December 31, 2023, 2024, and 2025, our interest-bearing bank and other borrowings were RMB86.7 million, RMB336.4 million, and RMB436.6 million, respectively. High indebtedness could limit our operating and strategic flexibility. Additionally, any restrictive covenants in future indebtedness may limit our capacity to raise additional debt or equity financing, potentially leading to defaults that could accelerate repayment obligations, jeopardizing our financial stability. We expect to fund the financial commitments and other capital and operating expenses from cash generated from our operating activities, banking facilities, and the [REDACTED] from the [REDACTED]. However, we cannot assure you that we will be able to generate sufficient cash from our operations or obtain the necessary financing or that such financing will be at interest rates and on other terms that are commercially reasonable to us. To the extent we cannot obtain financing for our expansion at reasonable costs or at all in the future, our business may be adversely affected.

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

Our inventories consisted of work in progress, which represents DES and other assets under construction, and finished goods, which represents constructed DES and other assets that have not yet been sold. As of December 31, 2023, 2024, and 2025, we had inventories of RMB112.0 million, RMB426.1 million, and RMB342.7 million, respectively. We assess impairment to inventories at each period during the Track Record Period and may make provision to write down our inventories to the net realizable value if their net realizable value is lower than the costs. As of December 31, 2023, 2024, and 2025, the inventory provision was RMB4.2 million, RMB17.6 million, and RMB23.5 million, respectively. However, we cannot assure you that we will not experience material write-offs in the future, which would directly and adversely affect our profitability and financial condition. Furthermore, during the Track Record Period, we have experienced fluctuations in our inventory turnover days. Our inventory turnover days were 225, 822, and 300 in 2023, 2024, and 2025, respectively. The fluctuation and extension of inventory turnover could materially and adversely affect our cash flow and liquidity position.

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

We record trade and bills receivables in the ordinary course of business. As of December 31, 2023, 2024, and 2025, our trade and bills receivables were RMB151.8 million, RMB105.9 million, and RMB285.2 million, respectively. In 2023, 2024, and 2025, our trade and bills receivable turnover days were 279 days, 377 days, and 137 days, respectively. We cannot assure you that we will be able to maintain our trade and bills receivable turnover days at a reasonable level. If the creditworthiness, business operations, or financial condition of our customers deteriorate, or if a significant number of our customers fail to settle their trade and bills receivables on time for any reason, we may experience delays in the collection of receivables, which could materially and adversely affect our business, financial condition, and results of operations. In addition, the delay in payment by our customers within their respective credit periods may also result in an impairment loss provision. We cannot assure you that we will be able to fully recover our trade and bills receivables from the customers or that they will settle our trade and bills receivables in a timely manner. In the event that settlements from customers are not made in a timely manner, or at all, our business, financial condition, and results of operations may be materially and adversely affected.

Our long cash conversion cycle could adversely affect our liquidity.

We had long cash conversion cycle during the Track Record Period. Cash conversion cycle is calculated by adding inventory turnover days and trade and bills receivable turnover days, then subcontracting trade and bills payable turnover days. As of December 31, 2023, 2024, and 2025, our cash conversion cycle was 273, 945, and 324 days, respectively. Long cash conversion cycle means that we need a long period of time to turn our initial cash investment in inventories back into cash. If we fail to maintain our cash conversion cycle at a reasonable level, our liquidity could be adversely affected.

Our business is subject to a variety of laws and regulations regarding cybersecurity, data security, and personal information protection and our services depend on highly technical hardware and software. If these systems contain errors, bugs, or vulnerabilities, or if we are unsuccessful in addressing or mitigating technical limitations and cyber security risk in our systems, or if we fail to comply with relevant laws and regulations, our business could be adversely affected.

Our services depend on software and hardware systems that are highly technical and complex and will require modification and upgrades over their service life. In addition, certain of our services depend on the ability of such software and hardware to store, retrieve, process, and manage immense amounts of data. If we fail to prevent or effectively resolve errors, bugs, vulnerabilities, or defects in our software and hardware, we may experience damage to our brand and reputation, loss of customers, reduced revenue, or liability for damages, any of which could adversely affect our business, financial condition, and results of operations.

We collect, store, and process data relating to business operations and cooperative parties (including customers) during our operations. Any loss, unauthorized access, or disclosure of confidential data could expose us to significant reputational damage, financial risks, legal disputes, and operating disruptions. It

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should be noted that, like all enterprises, our existing management system for cybersecurity, data security, and personal information protection are not foolproof. Security vulnerabilities may arise due to multiple factors such as hacking attacks, operating errors, employee violations, system failures, and password management loopholes.

Our business is subject to multiple data protection laws, regulations, policies, and other obligations across relevant jurisdictions. We may be subject to investigations and inspections by government authorities for compliance with cybersecurity and data security laws and regulations. Additionally, laws, regulations, and standards concerning cybersecurity, data security, and personal information protection are constantly evolving, and they may vary across different jurisdictions. We cannot assure you that our cybersecurity, data security, and personal information protection measures will be deemed adequate under applicable laws and regulations now or in the future, nor can we guarantee that our practices will always fully comply with all applicable rules and regulatory requirements. Compliance with emerging and changing international requirements may incur significant costs for us or require us to change our business practices. Should we fail to comply with applicable laws and regulations at any time or fail to address any cybersecurity, data security, or personal information protection issues, such actual or alleged failures could damage our reputation, impair our ability to conduct digital operations, and expose us to significant legal, financial risks, and operational disruptions.

We rely on third-party suppliers and business partners to provide services to our customers.

We work with a broad range of suppliers and business partners, such as energy storage equipment providers and EPC service providers. These third parties are also subject to their own risks relating to business interruption, systems and employee failures, and cybersecurity and data protection, and their own legal, regulatory, and market risks.

Our third-party suppliers and business partners may not fulfill their respective commitments and responsibilities in a timely manner and in accordance with the terms agreed upon or applicable laws. In addition, we do not have control over their business operations, governance and compliance systems, and practices and procedures, which may increase our financial, legal, operational, and reputational risk. If we are unable to effectively manage our relationships with third-party suppliers and business partners, or if our third-party suppliers and business partners fail to satisfactorily fulfill their commitments and responsibilities, our business, financial condition, and results of operations could be adversely affected. Upon expiry of existing contracts with third parties, we may not be able to renew these contracts at terms commercially favorable to us, if at all, or find appropriate substitutes in a timely manner, in which case our business, financial condition, and results of operations may be adversely affected.

We may not be able to adequately protect our intellectual property rights, and we may be exposed to intellectual property infringement or misappropriation claims.

We rely on a combination of patents, copyrights, trademarks, and confidentiality agreements to protect our intellectual property. As of December 31, 2025, we held 130 granted patents, 77 trademarks, 68 software copyrights, seven domain names, and two layout designs of integrated circuits in China. In addition, as of the same date, we had two granted trademarks and 12 granted patents in other countries and regions. We cannot guarantee that we will be able to obtain new intellectual property rights in a timely or cost-effective manner, as the application process can be expensive and time-consuming.

Despite our efforts, unauthorized parties may still obtain and use proprietary information. In such cases, we may need to initiate legal proceedings to protect our intellectual property, which could be costly and divert management attention. Additionally, we may face risks in foreign jurisdictions, including uncertain legal outcomes and enforcement challenges.

We also are subject to the risk of third-party intellectual property infringement claims. If we are found to infringe upon their rights, we may be required to cease certain services, pay damages, redesign our services, or rebrand. Intellectual property disputes can be complex, costly, and time-consuming, potentially affecting our business, financial condition, and operations.

We are subject to risks relating to third-party payments.

During the Track Record Period, certain of our customers settled their payments with us through third-party payors. In 2023, 2024, and 2025, the aggregate amount settled with all Relevant Customers under the Third-Party Payment Arrangements was nil, RMB28.2 million, and RMB39.4 million, respectively, representing nil, 22.6%, and 7.6% of the total revenue in the respective years.

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We might be subject to various risks relating to such payment arrangements, such as possible claims from such payors for return of funds as they were not contractually indebted to us and possible claims from liquidators of third-party payors, and potential money laundering risks as we, in certain occasions, may have limited knowledge about the source and purpose of the funds utilized by the third-party payors. In the event of any claims from third-party payors or their liquidators, or legal proceedings (whether civil or criminal) instituted or brought against us in respect of third-party payments, we will have to spend substantial financial and managerial resources to defend against such claims and legal proceedings, and we may be forced to comply with the court ruling and return the payments for the services that we provided. As a result, our business, financial condition, and results of operations may be adversely affected. See “Business — Third-Party Payment Arrangements” for further details.

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

As of the Latest Practicable Date, we had not registered four of our lease agreements in China. The authorities may require us to complete the lease registrations within a specified time frame and may impose a fine ranging from RMB1,000 to RMB10,000 for each of such lease agreements for any delay in complying with such requirement, and we may be subject to a maximum penalty of RMB40,000 for the failure to register the property lease agreements. We cannot assure you that the relevant authorities will not impose penalties for failure to register these lease agreements. Any such penalties could have a material adverse effect on our business, financial position, and results of operations. See “Business — Properties” for further details.

Our risk management and internal control system may not fully protect us against various risks inherent in our business.

Our risk management and internal control systems may not be adequate or effective to fully protect us against the potential risks inherent in our business. In the event that we fail to identify and handle any potential risks or internal control deficiencies, our business, financial condition, and results of operations may be materially and adversely affected.

Further, the successful implementation of our risk management and internal control systems depends on our management, employees, and subcontractors. We cannot assure you that our management, employees, and subcontractors will strictly observe and adhere to relevant measures and policies and carry out relevant measures and policies without human errors or mistakes. In addition, as our business expands, we may have to adopt and modify our risk management and internal control measures and policies in a timely manner in response to our business growth. Failure to do so may result in material and adverse effects on our business, financial condition, and results of operations.

We may incur additional costs to address any environmental, social, and governance risks, which may materially and adversely affect our business, financial condition, and results of operation.

Identifying, managing, and mitigating environmental, social, and governance risks may incur additional costs, potentially impacting our financial performance. We monitor environmental and climate-related risks to assess their short-, medium-, and long-term impact on our business and strategy. We are also committed to fostering a positive corporate culture, which may result in additional costs. In addition, increasing ESG-related regulatory requirements, including disclosure mandates in the jurisdictions where we operate, could raise compliance and operating expenses. Failure to adapt to new regulations or meet evolving industry standards may lead to customers choosing competitors, which could materially affect our business, financial condition, and results of operation.

We may have limited insurance coverage and may be subject to liabilities resulting from potential operational risks and losses that may not be covered by our insurance policies.

We maintain insurance coverage in respect of areas where we consider our business to be exposed to significant risks, including physical loss, destruction, or damage. We cannot assure you that our insurance coverage will be adequate to cover all potential losses. Accordingly, there may be circumstances

RISK FACTORS

in which we will not be covered or compensated, in part or at all, for specific losses, damages, and liabilities. We cannot assure you that our insurance coverage is sufficient to cover potential losses. Any risk that is not adequately covered by insurance may have an adverse effect on our business, financial condition, and results of operations.

We may be subject to litigation proceedings and regulatory actions, and may not always be successful in defending ourselves against such proceedings or actions.

Our business operations entail litigation and regulatory risks, including the risk of lawsuits and other legal or regulatory actions relating to service liability, delivery, sales and customer services, leases, and labor disputes. We may be subject to claims and lawsuits in the ordinary course of our business. We may also be subject to inquiries, inspections, investigations, and proceedings by regulatory and other governmental agencies. Actions brought against us may result in settlements, injunctions, fines, penalties, or other results adverse to us that could harm our business, financial condition, results of operations, and reputation. Even if we are successful in defending ourselves against these actions, the costs of such defense may be significant to us. In such event, our business, financial condition, results of operations, cash flow, and reputation may be adversely affected.

Our business growth, financial condition, and results of operations are subject to force majeure events and unforeseen, hostile, or catastrophic events.

If any force majeure event or event beyond our control occurs, our customers may terminate contracts, and we may only be compensated under limited circumstances. If our insurance coverage is inadequate, we may incur losses that could materially affect our business, financial condition, and results of operations. Our operations are also vulnerable to interruption from unforeseen events such as acts of war, terrorist attacks, natural disasters, and extreme weather conditions, including health pandemics, floods, and storms. These events may disrupt global markets, consumer confidence, and our business operations. We cannot assure you that such events will not occur or significantly damage our business. If we fail to effectively manage these risks, our financial performance and prospects may be adversely impacted.

RISKS RELATING TO DOING BUSINESS IN JURISDICTIONS WHERE WE OPERATE

Any loss of or failure to obtain or renew the certificates, licenses, approvals, and permits may materially and adversely affect our business, financial condition, and results of operations.

We are subject to extensive PRC laws and regulations at both national and local levels, requiring us to obtain and maintain certain certificates, licenses, approvals, and permits to operate. These are granted and renewed based on our compliance with the relevant criteria set by government authorities. Our certificates, licenses, approvals, and permits may have limited validity and are subject to periodic review and renewal. Additionally, regulatory standards may change, exposing us to the risk of non-compliance. Failure to comply could result in fines, penalties, or the suspension or revocation of our operating certifications, which may materially disrupt our business and operations. As laws and regulations evolve, we remain subject to future amendments and compliance requirements that could impact our ability to operate.

Developments in social and economic regulatory framework, as well as the interpretation and enforcement of laws, rules, and regulations, may affect our business, financial condition, results of operations, and prospects.

We operate in China and our business, financial condition, results of operations, and prospects may be affected by economic, social, and legal policies in China. We cannot assure you that our business operations will be able to benefit from such measures. In addition, laws, rules, and regulations may also be amended from time to time, and the application, interpretation, and enforcement of such evolving laws, rules, and regulations may affect our business operations. Regulatory authorities may also introduce more stringent rules, strengthen supervision and enforcement, or impose additional licensing, filing, reporting,

RISK FACTORS

or other compliance requirements in relation to our industry or the end markets in which our customers operate. Any such developments may increase our compliance costs, restrict our operations, delay project implementation, and adversely affect our business operations. Any of the foregoing may materially and adversely affect our business, financial condition, and results of operations.

Any failure to comply with the PRC regulations regarding contribution of social insurance or housing provident funds may subject us to fines and other legal or administrative penalties.

We are required to comply with PRC laws and regulations regarding social insurance and housing provident fund contributions for our employees. During the Track Record Period, we did not make full contributions for some employees and engaged third-party human resource service providers to make contributions for some employees.

Under PRC laws, failure to comply may result in fines, penalties, or orders to make overdue contributions with additional penalties. If we fail to meet these obligations, we could face significant fines and potential enforcement actions. Additionally, any failure to pay or register contributions may lead to legal disputes with employees, which could affect our business and financial condition.

We cannot assure you that we will not face future claims or demands for additional contributions, which could adversely affect our operations.

We could be subject to changes in our tax rates, the adoption of new tax legislation, or exposure to additional tax liabilities.

The PRC Enterprise Income Tax Law imposes a standard tax rate of 25% on business enterprises. Certain subsidiaries of ours qualify for a reduced tax rate of 20%. However, we cannot assure you that our subsidiaries will continue to benefit from these tax incentives in the future. Any changes to tax laws or the revocation of incentives could result in an increase in our tax liabilities.

Additionally, changes to PRC tax laws, including income tax, withholding tax, and value-added tax, could affect our operations. Non-compliance with these laws may lead to penalties, fines, or other sanctions. We are subject to regular tax examinations, and any adverse outcomes from such reviews could materially affect our financial condition, operating results, and cash flows.

Payment of dividends or gains from the sale or other disposition of our H Shares is subject to taxation under PRC law.

Under PRC tax laws, non-resident individuals and enterprises are subject to taxes on dividends received from us or gains realized from the sale of our H Shares. Non-resident individuals are generally taxed at a rate of 20% on these gains, unless exempted or reduced under a tax treaty. We are required to withhold the relevant tax on dividend payments.

Domestic non-foreign-invested enterprises issuing shares in Hong Kong may generally withhold individual income tax at a rate of 10% on dividend distributions. Non-PRC resident taxpayers claiming treaty benefits must submit an information reporting form for non-PRC resident taxpayers claiming treaty benefits to the withholding agent. Non-PRC resident enterprises without a business establishment in China, or whose income is unrelated to such an establishment, are subject to a 10% tax rate on dividends and gains from the sale of equity interests in PRC companies. This tax may be reduced or eliminated under applicable tax treaties.

We intend to withhold 10% tax on dividends paid to non-PRC resident enterprise holders of our H Shares, and non-PRC resident enterprise holders must ensure they meet the requirements for claiming treaty benefits. PRC tax authorities will determine the collection and application of individual income tax for non-PRC resident holders of our H Shares. Non-PRC resident holders should be aware that they may be obligated to pay PRC tax on dividends and gains from the sale or transfer of H Shares.

RISK FACTORS

You may experience difficulties in effecting service of legal process or enforcing foreign judgments against us and our directors and management.

We are a company incorporated under the PRC laws, and all of our assets and subsidiaries are currently located in China. Substantially all of our Directors and senior management reside within China. The assets of these Directors and senior management may be located within China. As a result, it may be difficult or impossible for you to effect service of process upon us or these individuals, or to bring an action against us or against these individuals in the event that you believe your rights have been infringed under the applicable securities laws or otherwise.

Although we will be subject to the Listing Rules and the Codes on Takeovers and Mergers and Share Repurchases of Hong Kong upon the [REDACTED] of our H Shares, the holders of H Shares will not be able to bring actions on the basis of violations of the Listing Rules and must rely on the Stock Exchange to enforce its rules. The Listing Rules and the Codes on Takeovers and Mergers and Share Repurchases of Hong Kong do not have the force of law in Hong Kong.

RISKS RELATING TO THE [REDACTED]

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

Prior to the completion of the [REDACTED], there has been no [REDACTED] for our H Shares. We cannot assure you that an active [REDACTED] for our H Shares will develop or be sustained after the completion of the [REDACTED]. The [REDACTED] is the result of negotiations between our Company and the [REDACTED] (for itself and on behalf of the [REDACTED]), which may not be indicative of the price at which our H Shares will be traded following completion of the [REDACTED]. The [REDACTED] of our H Share may drop below the [REDACTED] at any time after completion of the [REDACTED].

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

The [REDACTED] of our H Shares may be subject to significant volatility in response to various factors beyond our control, including the general market conditions of the securities in Hong Kong and elsewhere in the world. The Stock Exchange and other securities markets have, from time to time, experienced significant [REDACTED] volatility that are not relating to the operating performance of any particular company. In particular, the business, performance, and the [REDACTED] of the shares of other companies engaging in similar business may affect the [REDACTED] of our H Shares. In addition to market and industry factors, the [REDACTED] of our H Shares may be highly volatile for specific business reasons, such as fluctuations in our revenue, earnings, cash flows, investments, expenditures, relationships with our business partners, movements or activities of key personnel, actions taken by competitors, or regulatory developments. Moreover, shares of other companies listed on the Stock Exchange have experienced price volatility in the past, and it is possible that our H Shares may be subject to changes in price not directly related to our business performance.

We cannot assure you whether and when we will declare and pay dividends in the future.

While dividends may be paid out of distributable profits under our Articles of Association, no dividends were distributed during the Track Record Period. Distributable profits refer to our net profits for a given period, plus any accumulated distributable profits or less accumulated losses from prior periods, after deductions for statutory reserves and other approved reserves. As a result, even if our financial statements prepared under IFRS Accounting Standards show profitability, we may not have sufficient profits to distribute dividends to our shareholders.

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Future dividend decisions will depend on various factors, including our results of operations, cash flows, financial condition, capital adequacy ratio, capital expenditure requirements, and other considerations by our Board. We cannot assure you that these factors will not change in the future, which could affect our ability to declare dividends.

Future sales or perceived sales of our H Shares in the [REDACTED] could have a material adverse effect on the market price of our H Shares and our ability to raise additional capital in the future or may result in dilution of your shareholding.

Future sales of our H Shares by our shareholders, or the issuance of new shares or securities, could adversely impact the [REDACTED] of our H Shares and our ability to raise equity capital at favorable terms. The perception of such sales or issuances may also affect market sentiment.

If we issue additional securities in the future, existing shareholders may experience dilution of their holdings. Furthermore, shares issued under existing or future share option schemes could further dilute shareholders’ interests. New shares or equity-linked securities may also carry rights that take priority over H Shares.

Investors who subscribe for H Shares in the [REDACTED] may have agreements to dispose of some or all of their shares after the [REDACTED] for various reasons, including legal, regulatory, business, or market considerations. Such disposal, especially if significant, could adversely affect the [REDACTED] of our H Shares and cause volatility in [REDACTED] volume.

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

We strongly caution our investors not to rely on any information contained in press articles or other media coverage relating to us, our Shares and the [REDACTED]. Prior to the publication of this document, there may be press and media coverage regarding the [REDACTED] and us. Such press and media coverage may include references to certain information that does not appear in this document, including certain operating and financial information and projections, valuations, and other information. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. We make no representation as to the appropriateness, accuracy, completeness, or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this document, we disclaim responsibility for it, and you should not rely on such information.

Certain facts, forecasts, and other statistics in this document obtained from publicly available sources have not been independently verified and may not be reliable.

Certain facts, forecast, and other statistics in this document are derived from various government, official sources, and public information. However, our Directors cannot guarantee the reliability of such source materials. We believe that the sources of said information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information from official government sources has not been independently verified by us, Sole Sponsor, [REDACTED], the [REDACTED] or any other party involved in the [REDACTED] and no representation is given as to its accuracy. Further, we cannot assure our investors that they are stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In all cases, you should consider carefully how much weight or importance should be attached to or placed on such facts or statistics.

RISK FACTORS

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

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

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

In preparation for the [REDACTED], our Company has sought the following waivers from strict compliance with the relevant provisions of the Listing Rules:

WAIVER IN RELATION TO MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, a new applicant for listing on the Stock Exchange must have sufficient management presence in Hong Kong, which normally means that at least two of its 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, the new applicant's arrangements for maintaining regular communication with the Stock Exchange.

Since our headquarters and principal business operations are located in the Chinese mainland and the management functions of our Group are carried out in the Chinese mainland, our executive Directors are based in the Chinese mainland, and are expected to continue to be based in the Chinese mainland, to better manage and attend to our Group's business operations. We consider that it is in the best interests of our Company for our executive Directors to be based in the places where our Group has significant operations and it would be practically difficult, unduly burdensome and costly to relocate our executive Directors to Hong Kong or appoint additional executive Directors who are ordinarily resident in Hong Kong. Therefore, we do not and, in the foreseeable future, will not have sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rule 8.12 and Rule 19A.15 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, [and the Stock Exchange has granted us,] a waiver from strict compliance with the requirements under Rules 8.12 and 19A.15 of the Listing Rules, provided that our Company implements the following arrangements to maintain regular communication between the Stock Exchange and us:

- (a) we have appointed Ms. Wei, our executive Director, general manager of our Company and chairperson of the Board and Ms. Chan Ching Nga (陳靜雅), a joint company secretary of our Company, as our authorized representatives for the purpose of Rule 3.05 of the Listing Rules. Our authorized representatives will act as the principal channel of communication between the Stock Exchange and our Company. Ms. Chan is ordinarily resident in Hong Kong, and Ms. Wei will be available to visit Hong Kong and meet with the Stock Exchange within a reasonable period of time upon request. Each of our Company's authorized representatives will be readily contactable by the Stock Exchange by telephone and/or email to deal promptly with any enquiries which may be made by the Stock Exchange. Each of our authorized representatives is authorized to communicate on behalf of our Company with the Stock Exchange;
- (b) our authorized representatives have means to contact all of our Directors (including our independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact our Directors for any matters. We have provided the Stock Exchange with the contact details of each Director (including their respective mobile phone number, office phone number and e-mail address), and in the event that a Director expects to be traveling or otherwise be out of office, he/she will provide his/her phone numbers or means of communication to our authorized representatives;
- (c) each Director who is not ordinarily resident in Hong Kong has confirmed that he/she possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange upon reasonable notice;
- (d) we have appointed Altus Capital Limited as our compliance advisor, pursuant to Rule 3A.19 of the Listing Rules, who will have access at all times to our authorized representatives, Directors and senior management, and will act as an additional channel of communication between the Stock Exchange and us for the period commencing from the [REDACTED] to the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the [REDACTED]. Our authorized representatives, Directors and other officers of our Company will provide our compliance advisor with such information and assistance as our compliance advisor may reasonably require in connection with the performance of its duties;

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

- (e) each Director will provide their respective mobile phone numbers, office phone numbers and e-mail addresses to the Stock Exchange; and
- (f) any meeting between the Stock Exchange and our Directors will be arranged through our authorized representatives, our Compliance Advisor or directly with our Directors within a reasonable time frame. We will inform the Stock Exchange promptly in respect of any changes to our authorized representatives and our Compliance Advisor.

We believe that the above measures and arrangements will ensure that all members of our Board can be promptly informed of any matters raised by the Stock Exchange and that there is an effective communication channel in place 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, we must appoint a company secretary who possesses the necessary academic or professional qualifications or relevant experience, and 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:

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

Note 2 to Rule 3.28 of the Listing Rules provides that in assessing “relevant experience”, the Stock Exchange will consider the individual’s:

- (a) length of employment with the issuer and other issuers and the roles he/she played;
- (b) familiarity with the Listing Rules and other relevant law and regulations including the Securities and Futures Ordinance, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;
- (c) relevant training taken and/or to be taken in addition to the minimum requirement of taking not less than fifteen hours of relevant professional training in each financial year under Rule 3.29 of the Listing Rules; and
- (d) professional qualifications in other jurisdictions.

Our Company considers that while it is important for our company secretary to be familiar with the relevant securities regulations in Hong Kong, he/she also needs to have experience relevant to our Group’s internal administration and business operations and have a close working relationship with the management of our Company in order to perform the functions of a company secretary and take the necessary actions in the most effective and efficient manner. We consider it beneficial for our Company to appoint a company secretary who has been a member of the senior management for a period of time and is familiar with our Company’s business and affairs.

We have appointed Ms. Chan Ching Nga (陳靜雅) (“**Ms. Chan**”) and Mr. Xue Erbai (“**Mr. Xue**”) as the joint company secretaries of our Company. Ms. Chan is an associate member of The Hong Kong Chartered Governance Institute, and therefore meets the qualification requirements under note 1 to Rule 3.28 of the Listing Rules and is in compliance with Rule 8.17 of the Listing Rules. Although Mr. Xue does not possess the qualification and sufficient relevant experience as stipulated in the notes to Rule 3.28 of

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

the Listing Rules, considering Mr. Xue’s past management experience within our Group, his thorough understanding of the internal administration and business operations of our Group as well as his industry knowledge, he is a suitable person to act as a company secretary of our Company. In addition, as our headquarters and principal business operations are located in the Chinese mainland, our Directors believe that it is necessary to appoint Mr. Xue as a company secretary whose presence in the Chinese mainland will enable him to attend to the day-to-day corporate secretarial matters concerning our Group. We believe that it would be in the best interests of our Company and the corporate governance of our Group to have Mr. Xue as our joint company secretary. For more details of Ms. Chan and Mr. Xue’s biographical information, see “Directors and Senior Management”.

Apart from discharging her functions in her role as one of our joint company secretaries, Ms. Chan will assist Mr. Xue in enabling him to acquire the relevant company secretary experience as required under Rule 3.28 of the Listing Rules and to become familiar with the requirements of the Listing Rules and other applicable Hong Kong laws and regulations. In addition, Mr. Xue will also attend relevant professional training during each financial year as required under Rule 3.29 of the Listing Rules.

We have therefore applied to the Stock Exchange for, [and the Stock Exchange has granted us,] a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules in respect of the appointment of Mr. Xue as one of our joint company secretaries on the conditions that: (i) Mr. Xue must be assisted by Ms. Chan, who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the waiver period; and (ii) the waiver will be revoked if there are material breaches of the Listing Rules by our Company.

We expect that Mr. Xue will acquire the qualifications or relevant experience required under Rule 3.28 of the Listing Rules prior to the end of the three-year period after the [REDACTED]. We will demonstrate and seek the Stock Exchange’s confirmation prior to the end of the three-year period that Mr. Xue, having had the benefit of Ms. Chan’s assistance for three years, has acquired the relevant experience within the meaning of Rule 3.28 of the Listing Rules so that a further waiver from Rules 3.28 and 8.17 of the Listing Rules will not be necessary.

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

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INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Executive Directors

Name	Address	Nationality
Ms. Wei Qiong (魏瓊)	No. 24, Lane 190, Yangzhou Road Yangpu District Shanghai, China	Chinese
Dr. Yan Xiao (嚴曉)	No. 29, Lane 498, Wulumuqi North Road, Jing'an District Shanghai, China	Chinese
Dr. Liu Shuangyu (劉雙宇)	No. 155 Dongxin Road Xiacheng District, Hangzhou Zhejiang, China	Chinese

Non-executive Directors

Name	Address	Nationality
Mr. Zhou Hongbin (周宏斌)	Room 201, No. 10, Lane 333 Ruijin South Road Huangpu District Shanghai, China	Chinese
Mr. Wang Wenjian (王文健)	No. 35 Jinshifang Street Xicheng District, Beijing China	Chinese
Mr. Lee Sai Hong (李世康)	4/F, Block 41 Village Terrace, Village Road Happy Valley, Hong Kong Island Hong Kong	Chinese

Independent non-executive Directors

Name	Address	Nationality
Ms. Cui Jizi (崔吉子)	No. 62 and 64, Lane 258, Qingyu Road Putuo District Shanghai, China	Chinese
Mr. Huang Yongzhong (黃永忠)	Flat A, 7/F, Block A&B Branksome Grande, 3 Tregunter Path Central, Hong Kong	Chinese
Mr. Shi Yansong (施艷松)	Room 29-1, Building 29, Kunlun Jiafu Wuchang Street, Yuhang District Hangzhou, Zhejiang China	Chinese

See “Directors and Senior Management” for further details.

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor

Guotai Junan Capital Limited
27/F, Low Block
Grand Millennium Plaza
181 Queen’s Road Central
Hong Kong

[REDACTED]

Legal Advisors to Our Company

As to Hong Kong and U.S. laws
Han Kun Law Offices LLP
Rooms 4301-10
43/F, Gloucester Tower
The Landmark
15 Queen’s Road Central
Hong Kong

As to PRC laws
Allbright Law Offices
9/F, 11/F-12/F, Shanghai Tower
No. 501 Yincheng Middle Road
Pudong New Area
Shanghai
China

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

**Legal Advisors to the Sole Sponsor and
the [REDACTED]**

As to Hong Kong laws
Jingtian & Gongcheng LLP
Suites 3203-3209
32/F, Edinburgh Tower
The Landmark
15 Queen’s Road Central
Hong Kong

As to PRC laws
Jingtian & Gongcheng
34/F, Tower 3
China Central Place
77 Jianguo Road
Beijing
China

**Independent Auditor and Reporting
Accountants**

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
under the Accounting and Financial
Reporting Council Ordinance
27/F, One Taikoo Place
979 King’s Road
Quarry Bay
Hong Kong

Industry Consultant

China Insights Industry Consultancy Limited
10/F, Block B
Jing’an International Center
88 Puji Road
Jing’an District
Shanghai
China

Compliance Advisor

Altus Capital Limited
21 Wing Wo Street
Central
Hong Kong

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CORPORATE INFORMATION

Registered Office	Room 1101, Building 2 Lane 288, Qianfan Road Xinqiao Town, Songjiang District Shanghai China
Headquarters and Principal Place of Business in the Chinese Mainland	11/F, Macrolink International Centre 456 Taihong Road Minhang District Shanghai China
Principal Place of Business in Hong Kong	46/F Hopewell Centre 183 Queen’s Road East Wan Chai Hong Kong
Company Website	<u>www.makesense-energy.com</u> <i>(the information contained on this website does not form part of this document)</i>
Joint Company Secretaries	Ms. Chan Ching Nga (陳靜雅) 46/F Hopewell Centre 183 Queen’s Road East Wan Chai Hong Kong Mr. Xue Erbai (薛爾白) No. 620 Zhongshan West Road Changning District Shanghai China
Authorized Representatives	Ms. Wei Qiong (魏瓊) No. 24, Lane 190, Yangzhou Road Yangpu District Shanghai China Ms. Chan Ching Nga (陳靜雅) 46/F Hopewell Centre 183 Queen’s Road East Wan Chai Hong Kong
Audit Committee	Mr. Shi Yansong (施艷松) (<i>Chairperson</i>) Ms. Cui Jizi (崔吉子) Mr. Huang Yongzhong (黃永忠)

CORPORATE INFORMATION

Remuneration Committee

Mr. Huang Yongzhong (黃永忠) (*Chairperson*)
Ms. Cui Jizi (崔吉子)
Mr. Shi Yansong (施艷松)

Nomination Committee

Ms. Cui Jizi (崔吉子) (*Chairperson*)
Mr. Huang Yongzhong (黃永忠)
Mr. Shi Yansong (施艷松)

[REDACTED]

Principal Banks

China Merchant Bank (Shanghai Nanxi Branch)
Rooms 101, 2508, 2509, 2510
No. 338 Nanjingxi Road
Huangpu District
Shanghai
PRC

Shanghai Innovation Bank
21st Floor, Tower B
Baodi Plaza
No. 588 Dalian Road
Yangpu District
Shanghai
PRC

INDUSTRY OVERVIEW

Certain information presented in this section and elsewhere in this document was derived from official government publications, other publicly available sources, and a market research report prepared by CIC, which we refer to as the CIC Report. CIC is an independent global consulting firm that we have commissioned. We believe that the sources of the information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information from official government sources has not been independently verified by us, the Sole Sponsor, [REDACTED], the [REDACTED], or any other party involved in the [REDACTED], and no representation is given as to its accuracy. Accordingly, you should not place undue reliance on such information. For a discussion of risks relating to our industries, see “Risk Factors — Risks Relating to Our Business and Industry.”

RESTRUCTURING OF GLOBAL ENERGY AND POWER LANDSCAPE

Key Characteristics of Global Energy and Power Restructuring

Fueled by global dual-carbon imperatives, the global energy landscape is undergoing profound systemic reshaping. As the cornerstone of clean energy transition, power elevates its strategic stature and underpins the in-depth energy revolution. Booming expansion of emerging sectors including AI and new energy vehicles fuels rigid incremental growth in global electricity demand. Global power consumption is expected to rise from 30,082.9 TWh in 2025 to over 35,800 TWh by 2030. The global power system is therefore undergoing comprehensive structural reshaping from power generation to consumption, featuring the following dynamics.

Power Generation: Structural Transition of the Global Power Mix

The global energy mix is transitioning from fossil fuel dominance to large-scale integration and deployment of new energy such as PV and wind power. Global electricity generation of PV and wind power increased from 2,433.7 TWh in 2020 to 5,388.7 TWh in 2025, representing a CAGR of 17.2%, and is expected to reach 10,314.7 TWh by 2030, representing a CAGR of 13.9% from 2025 to 2030. Meanwhile, their share in global electricity generation expanded from 9.0% in 2020 to 16.7% in 2025, and is expected to reach 27.1% by 2030.

Power Consumption: System Evolution and Tech Iteration Facilitate Market Mechanism

Against the backdrop of the rapid expansion of renewable power generation, traditional power systems face constraints in the flexible integration of diverse energy sources and cross-regional resource deployment. This gives rise to structural challenges, including insufficient dispatchable capacity and immature market mechanisms, thereby suppressing energy utilization efficiency. To address these pain points, the power demand side is undergoing structural transformation, shifting from real-time consumption toward on-demand dispatch, supported by digitalization and AI-powered upgrades in system operation and market frameworks.

The operation of power consumption system is shifting toward a storage-prioritized model, driven by the increasing penetration of flexible resources such as energy storage. This upgrade in operational paradigm presents distinct pathways on the utility side and the user side.

- *Utility Side:* Large-scale deployment of centralized energy storage facilitates the flexible transition of power grids toward supply-demand balancing. Grid-side energy storage stations can accommodate cross-regional renewable integration and grid peak shaving requirements, participate in spot market arbitrage and ancillary service transactions, and thereby capture diverse revenue streams.

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- *User Side:* DES has evolved into the core revenue-generating asset. China’s cumulative installed capacity increased from 1.2 GWh in 2020 to 29.2 GWh in 2025, and is projected to reach 245.9 GWh by 2030, with a CAGR of 53.1% from 2025 to 2030. Driven by growing deployment scale, it creates tangible economic value through multiple channels, including peak-valley arbitrage, electricity market participation, and grid demand response engagement, underpinned by substantial market potential.

Power consumption is evolving from passive demand to flexible, interactive grid participation, thereby stimulating the development of the retail electricity service market. As traditional electricity trading service models result in energy waste due to mismatches between supply and demand in time and space, electricity trading is evolving toward an “energy storage plus trading” paradigm, transitioning from long-term contracts to a multi-layered system integrating spot markets, real-time balancing, and ancillary services, significantly improving efficiency and liquidity.

Modern Power System Construction: A Strategic Initiative for China’s Power Sector Transformation

Features and Challenges of Traditional Power System in China

Compared with decentralized and regionalized grid models adopted in many overseas markets, China’s power system features a nationally unified power grid, characterized by three key attributes: (i) centralized dispatch and control, (ii) long-distance transmission infrastructure, and (iii) unidirectional energy flow mechanism where the grid primarily serving as a transmission channel rather than a flexible and interactive platform.

China’s power system faces a key challenge: power supply and demand do not match across different regions and time periods. For example, there were structural power supply-demand imbalances in 15 out of 31 provinces in China in 2025, which means the annual power generation volume is lower than the annual power consumption volume within these regions, according to the data released by national and local statistical bureaus. This imbalance stems from the dual structural transformation of the energy supply mix and end-user power demand.

- *Energy Supply Side:* New energy has evolved into a core component of power supply mix. In 2025, China’s PV and wind power generation reached 2,300.0 TWh, accounting for 21.7% of total generation, and is expected to reach 35.0% by 2030. However, the intermittency and volatility of new energy generation are inherently mismatched with the demand-side requirement for a stable and reliable power supply.
- *End-User Demand Side:* The system remains constrained by a passive consumption model, limiting overall flexibility, which is reflected in the following:
 - (i) **Gap between power demand and system flexibility:** Driven by energy-intensive industries and large power loads such as AI infrastructure, electric vehicles and advanced manufacturing, China’s total electricity consumption surpassed 10,000 TWh in 2025 and is expected to reach 13,098.0 TWh by 2030, representing a CAGR of 4.8%. However, the shortage of flexible power resources and weak resource integration limit real-time supply adjustment, making peak-time power supply tighter.
 - (ii) **Poor transmission of price signals amid regional and time-based imbalances:** Power demand differs greatly across regions and time periods. Current pricing mechanisms cannot fully reflect such time-and-location value of electricity. In addition, cross-regional transaction barriers and delayed price signals restrict users from optimizing their power consumption behaviors.

INDUSTRY OVERVIEW

- (iii) Insufficient utilization of flexible resources: DES, adjustable loads, and other distributed resources are not effectively integrated or fully utilized. This results in a lack of flexible capacity to accommodate renewable power integration, and further worsens the imbalance between power supply and demand.

Definition and Core Elements of Modern Power System

A modern power system is an electricity system aligned with energy transition and carbon neutrality goals, characterized by cleanliness, low-carbon development, supply-demand coordination, flexibility, and intelligence. It covers the full industrial chain including power generation, transmission, distribution, end consumption and energy storage, and relies on two fundamental pillars: (i) new power infrastructure, such as renewable energy stations, advanced transmission facilities, and distributed energy resources, and (ii) intelligent power hub, which is an intelligent software platform enabling adaptive coordination across system dispatching, grid scheduling, electricity trading, and VPP aggregation.

Value of Flexible and Interactive Loads in Modern Power System Transition

Flexible loads, typically represented by DES, have evolved from passive consumption units into active participants and system stabilizers. Characterized by controllability, rapid response, and real-time regulation, flexible loads support dynamic adjustment and can be aggregated to form scalable flexible capacity. Their core functions are reflected in three aspects:

- Alleviating the intermittent and fluctuating characteristics of renewable energy generation, and supporting real-time supply-demand balancing;
- Connecting electricity users with power markets to unlock economic benefits; and
- Serving as emergency power sources to enhance the overall operational resilience of the power system against extreme conditions.

The large-scale deployment and operation of such flexible resources is essential to modern power system and will drive a fundamental shift in operating paradigms of power system.

EVOLUTION OF CHINA’S MODERN ELECTRICITY SERVICE INDUSTRY

Activation of Modern Electricity Services Driven by Power System Restructuring

Traditional electricity services focus on ensuring long-term stable power supply, emphasizing electricity metering, billing, and basic operation and maintenance. This operating model features one-way power delivery between power supply and demand entities, and fails to create incremental value through data empowerment and market-based mechanisms. Under the transition to modern power system, grid architecture is evolving from a centralized model to a three-tier structure of main grid, distribution network, and intelligent microgrid. This evolution enables flexible and interactive operations of the power system and transforms user-side distributed assets into critical stabilizing resources for the power system.

Accordingly, end-user electricity services are undergoing a fundamental shift toward value-based operation, forming a modern service model built on dispatchable power assets, aggregated resource optimization, and intelligent electricity trading. The core value of dispatchable power assets is manifested in: (i) activating the value of decentralized energy resources to enhance asset returns; (ii) enabling electricity users to participate in the electricity market thereby improving the efficiency of resource allocation; (iii) engaging user-end resources in demand response to supplement the flexible regulation capability of modern power system and accommodating the volatility and intermittency of new energy generation.

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Definition and Core Components of Modern Electricity Services

Modern electricity services refer to an emerging model that activates, aggregates, and optimizes dispatchable user-end power assets. By leveraging AI technologies, it provides comprehensive services — including energy asset operation and electricity trading — to help users reduce energy costs and increase asset returns. At the same time, it supports the safe and stable operation of the power grid and the consumption of renewable energy, ultimately maximizing the value of aggregated resources.

Key dispatchable user-end power assets include DES, distributed PV, distributed wind power, EV charging points, and other flexible loads. Compared with other assets, DES plays a unique role due to its real-time bidirectional regulation capability through its massive deployment at physical power nodes of electricity users, mainly in industrial and commercial scenarios. The core value of modern electricity services based on DES assets lies in converting the technical potential of DES into sustained system value and economic returns, thereby improving overall system efficiency.

Business Model and Market Size of Modern Electricity Services

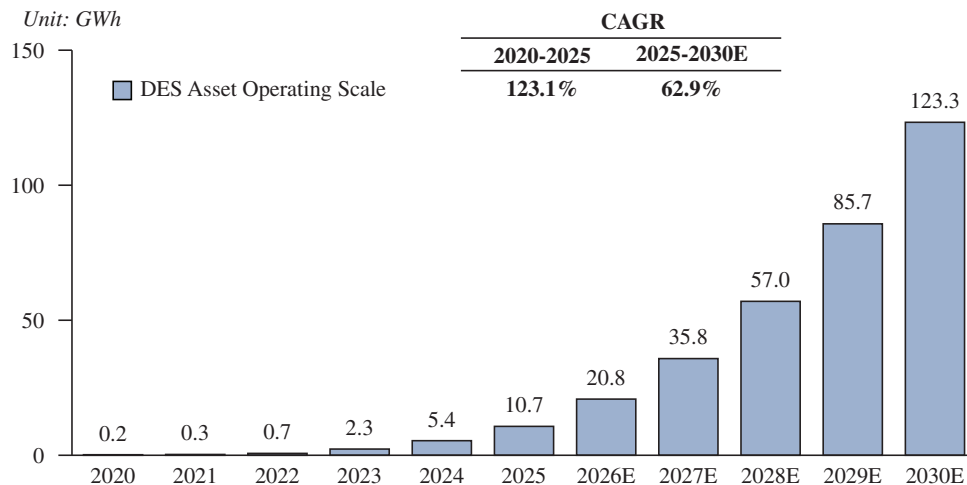
DES Asset Operation Serves as the Cornerstone of Value Capture

Modern electricity service industry is currently at its early development stage, with its business models covering DES asset operation and electricity trading. At present, DES asset operation dominates the market. DES asset operation refers to the professional management and operation of DES for electricity users, enabling efficient utilization of DES assets in power supply-demand balancing, supply stability, and cost optimization. Its core activities include leveraging energy management systems to formulate intelligent charge-discharge strategies based on power market signals, user load dynamics, and new energy generation, as well as conducting routine inspections, maintenance, and fault response to ensure stable lifecycle operation and sustained performance of DES assets.

Market Size of DES Asset Operation Services

The market size of China’s DES asset operation services in terms of DES asset operating scale increased from 0.2 GWh in 2020 to 10.7 GWh in 2025, representing a CAGR of 123.1%. As a core carrier enabling temporal and spatial energy shifting and flexible system regulation, DES assets meet the fundamental demand for building a modern power system, achieving rapid growth in penetration across multiple scenarios and driving the industry toward robust expansion. The market size of China’s DES asset operation services is expected to maintain rapid growth, reaching 123.3 GWh by 2030, representing a CAGR of 62.9% from 2025 to 2030.

**Market Size of DES Asset Operation Services in China
(in terms of DES asset operating scale, 2020-2030E)**



Source: expert interviews, CIC

INDUSTRY OVERVIEW

Electricity Trading Acts as the Core Engine for Value Upgrading

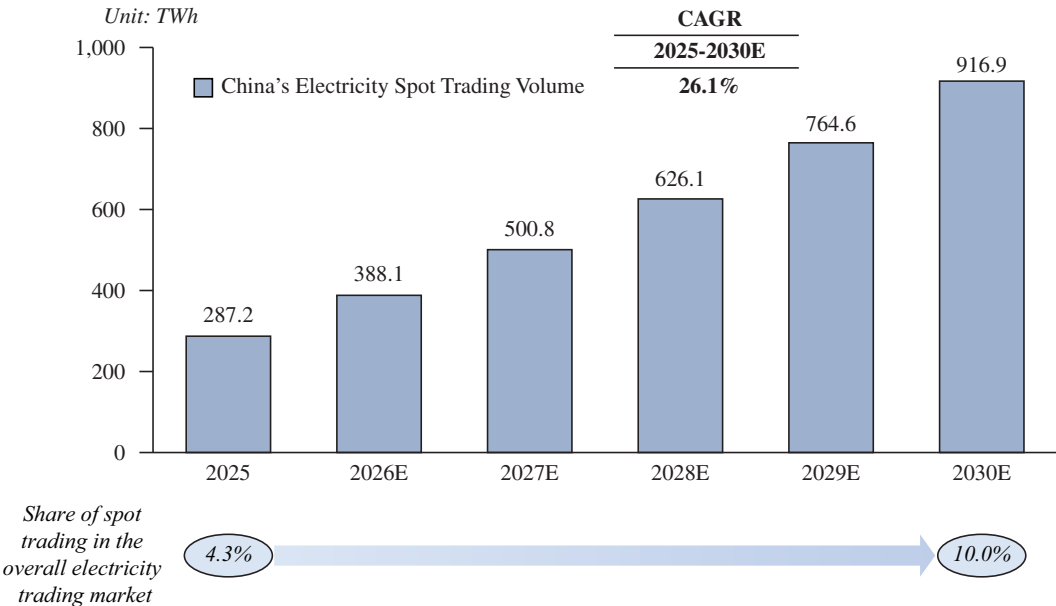
Introduction of Traditional Electricity Trading Service Market

Electricity trading refers to market-based transactions of electricity among various participants through mechanisms such as bilateral negotiation, centralized bidding, and listing trading. The market size of China’s electricity trading services in terms of trading volume reached 6,639.4 TWh in 2025.

In terms of product type, traditional electricity trading service market can be mainly divided into two categories: (i) the medium and long-term (MLT) electricity trading services, which refer to electricity transactions over a relatively long period (months, quarters, or years) to achieve stable and long-term planning of power resources; (ii) electricity spot trading services, which refer to electricity transactions among various entities through market mechanisms to achieve short-term optimal allocation of power resources.

In 2025, China’s electricity trading service market was dominated by MLT electricity trading services, with a share of over 95% of overall electricity trading service market in terms of trading volume. However, in order to address short-term imbalances between power supply and demand, the spot trading service market has been established. It enables effective demand adjustment through price signals, supports real-time grid balancing, and ensures stable operation of power system under high new energy penetration. In China, electricity spot trading markets in certain provinces (including Shanxi and Guangdong) entered formal operation by the end of 2023, and their share is expected to increase with the comprehensive advancement of spot market construction and rising demand for dispatchable resources including DES assets. The market size of China’s electricity spot trading services in terms of trading volume is expected to grow from 287.2 TWh in 2025 to 916.9 TWh in 2030, representing a CAGR of 26.1%, and its market share of the overall electricity trading service market is expected to rise from 4.3% to 10.0% during the period.

Market Size of China’s Electricity Spot Trading Services
(in terms of electricity trading volume, 2025-2030E)



Source: National Energy Administration of China, CIC

INDUSTRY OVERVIEW

DES-Based Electricity Trading Service and Ancillary Service Markets

As China’s electricity trading system matures, trading products are expanding and pricing becoming more refined, which increases forecasting deviations and computational complexity. Leveraging refined energy asset management and AI-based price forecasting to manage rising complexity has become the core driver of value enhancement in the modern electricity service industry. Against this backdrop, DES-based electricity trading service and ancillary service markets have emerged since 2025, and the service types are shifting toward spot trading services and ancillary services enabled by VPP.

- DES-Based Electricity Spot Trading Services: As the share of electricity spot trading service market increases, trading cycles shorten, and system volatility rises due to higher penetration of new energy, trading complexity rises significantly. In this context, leveraging AI to capture spatiotemporal price differences has become critical to improving trading returns, and as the flexible trading units in the spot market, DES assets can achieve higher frequency of peak-valley arbitrage through AI-based price forecasting, thus enhancing the profitability and providing the power system with greater capability in flexible adjustment.
- DES-Based Ancillary Services Enabled by VPP: Ancillary services enabled by VPP refer to the aggregation of DES assets and other dispatchable resources through advanced information, communication, and control technologies, allowing them to participate in power system optimization as a unified entity and monetize their flexibility. VPP aggregates large-scale distributed assets into scalable flexible capacity, overcoming participation barriers for individual assets. Through AI-powered optimization and dispatch, they participate in ancillary service markets to achieve stable revenue streams and integrating distributed assets and electricity markets. In recent years, VPP has transitioned from conceptualization to large-scale deployment.

Going forward, DES-based electricity trading service and ancillary service markets will emerge as a high-potential model, paving the way for an integrated operation and trading model. In this process, companies with extensive dispatchable asset networks can respond efficiently to market signals while leveraging real-time operating data and AI algorithms to optimize trading strategies and reduce risks, thereby establishing data-driven competitive advantages and capturing market opportunities.

Market Drivers and Future Trends of China’s Modern Electricity Service Industry

Rising Importance of Refined DES Asset Operation. By scientifically optimizing dispatch and operation of DES assets, the utilization rate and operating efficiency of energy storage assets can be enhanced, increasing the effectively utilized electricity volume and reducing the electricity losses, thereby directly lowering the fixed cost per kWh, ultimately enhancing the profitability and market competitiveness of market participants.

Deepening Application of AI and Advanced Technologies. AI is increasingly embedded across the value chain of modern electricity service industry, from forecasting and strategy optimization to resource dispatch, improving trading accuracy and operating efficiency. It also supports the forecast of electricity generation and market prices, automated trading strategies, and aggregation of distributed assets into VPP, which improves the transaction efficiency of the electricity market.

Supportive Policies. The PRC government has introduced a series of supportive policies to drive industry growth. For example, in April 2025, the NDRC and the NEA issued the *Guiding Opinions on Accelerating the Development of Virtual Power Plants* (《加快推進虛擬電廠發展的指導意見》), supporting broader participation in VPP construction and operation; in November 2025, the *Guiding Opinions on Promoting New Energy Consumption and Regulation* (《關於促進新能源消納和調控的指導意見》), which emphasizes that new entities such as DES assets, distributed energy assets, and VPP are encouraged to participate in electricity markets through aggregation and direct trading models.

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Continued Improvement of Power Market Reform. Ongoing reforms, including expansion of spot markets, enhancement of ancillary service markets, and development of a national unified electricity market, are creating a more mature and efficient market and driving industry growth. Meanwhile, benchmark provinces such as Jiangsu, Zhejiang, Anhui, and Guangdong have formed differentiated leading practices in these fields.

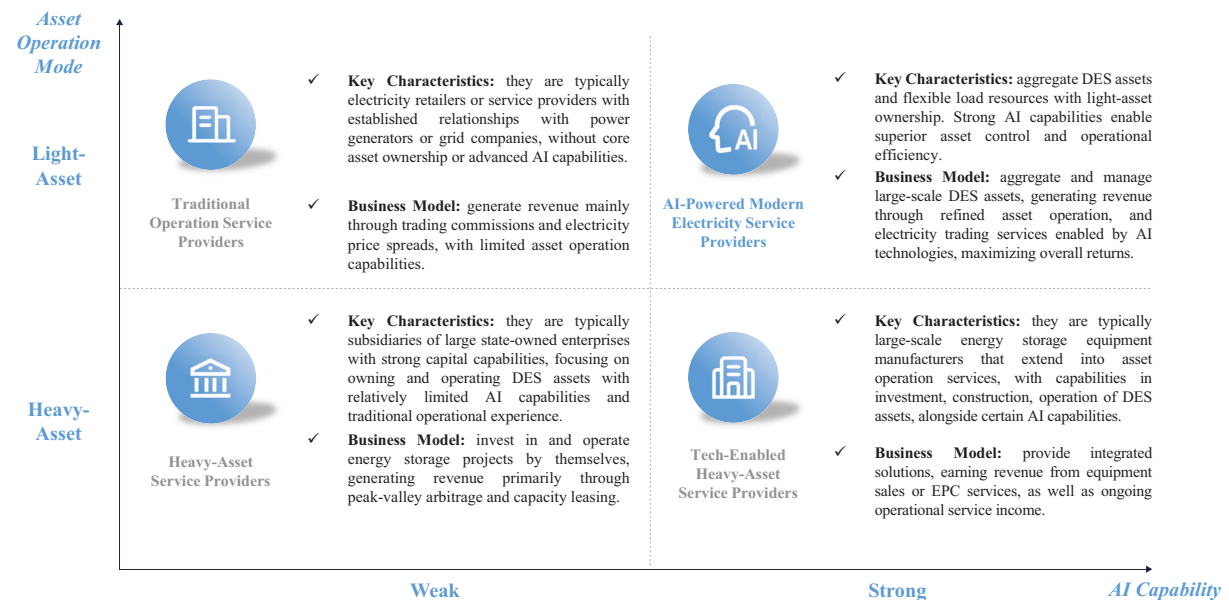
Shared Energy Storage System Emerging as a Dispatchable Resource. Shared energy storage system refers to independent energy storage plants constructed by a third party and shared by multiple participants, which can flexibly adjust power generation, charging, and discharging in response to grid instructions. Shared energy storage system establishes a more flexible matching mechanism between large-scale new energy resources and power demand, improving grid stability, which also enables the evolution of electricity service business toward diversified service models, including spot trading services and ancillary services.

COMPETITIVE LANDSCAPE OF CHINA’S DES-BASED MODERN ELECTRICITY SERVICE INDUSTRY

Classification of Market Participants of China’s DES-Based Modern Electricity Service Industry

Market participants in China’s DES-based modern electricity service industry can be classified into four major categories: AI-powered modern electricity service providers, tech-enabled heavy-asset service providers, heavy-asset service providers, and traditional operation service providers.

Major Types of Market Participants in China’s DES-Based Modern Electricity Service Industry



Source: CIC

INDUSTRY OVERVIEW

AI-powered modern electricity service providers including our Company adopt a light-asset model to rapidly aggregate fragmented user-end resources, avoiding the capital constraints of heavy-asset players. By leveraging AI technologies for precise dispatch and refined operations, they achieve more efficient and diverse value creation than traditional service providers. As a result, these players demonstrate differentiated competitiveness compared with other types of players, significantly improving asset utilization and returns, and establishing a new paradigm of light-asset and AI-powered platform in the industry.

Ranking of China’s DES-Based Modern Electricity Service Industry

In 2025, China’s DES-based modern electricity service market remained at an early stage of development. Our Company ranked first among these service providers in China in terms of DES asset operating scale with a market share of 7.4% as of December 31, 2025.

Ranking of China’s DES-Based Modern Electricity Service Industry (in terms of DES asset operating scale, as of December 31, 2025)

Ranking	DES-Based Modern Electricity Service Providers	DES Asset Operating Scale (MWh)	Market Share (%)
1	Our Company	799.5	7.4%
2	Company A	~775.0	7.2%
3	Company B	~760.0	7.1%
4	Company C	~700.0	6.5%
5	Company D	~620.0	5.8%
Total . . .		<u>3,654.5</u>	<u>34.0%</u>

Notes:

- (1) Company A is a private company founded in 2016. It is a subsidiary of a company listed on the Shanghai Stock Exchange, primarily engaged in integrated energy services, with businesses covering power distribution and retail, electricity trading, and distributed energy services.
- (2) Company B is a private company founded in 2019, specializing in energy storage systems, with businesses covering DES assets operation and related smart energy solutions.
- (3) Company C is a company listed on the Hong Kong Stock Exchange, founded in 2002, primarily engaged in integrated energy infrastructure investment and operation, with businesses covering natural gas supply and comprehensive energy services.
- (4) Company D is a company listed on the Shenzhen Stock Exchange, founded in 1997, primarily engaged in new energy technology, with businesses covering PV inverters, energy storage systems and comprehensive smart energy solutions.

Source: annual reports, expert interviews, CIC

Entry Barriers and Key Success Factors of China’s DES-Based Modern Electricity Service Industry

Integration of Electricity Trading Expertise and Strong Technological Capabilities. Modern electricity service providers must possess deep expertise in electricity trading service and the ability to integrate AI technologies into load forecasting, price prediction, and real-time trading optimization, forming a critical capability for effective market participation.

Accumulated Operational Data from Broad Electricity Users. Sustained access to and accumulation of high-quality and large-scale operating data from broad electricity users—covering load profiles, consumption patterns, and asset performance—enables modern electricity service providers to achieve more accurate price forecasting, asset dispatching, and trading strategies, which reinforces their service differentiation.

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Asset Development and Operation Capabilities. Modern electricity service providers are required to establish large-scale, dispatchable asset networks and possess full-lifecycle asset operation capabilities, continually optimizing equipment performance, asset operations, and trading strategies to ensure stable returns.

Sustained Capability to Serve High-Quality Customer. High-quality customers in the industry typically feature stable and clear electricity demand for DES assets. Cooperation with such customers ensures stable project returns and facilitates the large-scale expansion of business operations. Meanwhile, the ability of service providers to continually deliver long-term DES value creation and cost savings can further strengthen customer loyalty.

Supply Chain Integration and Ecosystem Collaboration. Strong supply chain management ensures stable component supply and cost control; meanwhile, industry development relies on collaboration with state-owned enterprises, financial institutions, and other stakeholders to achieve resource complementarity.

COMPETITIVE ADVANTAGES OF LEADING CHINESE MODERN ELECTRICITY SERVICE PROVIDERS IN GLOBAL MARKET

Mature Overseas Markets with Higher Entry Barriers

Compared with China’s market in the developing stage, overseas electricity markets are more mature, leveraging VPP and AI technologies to aggregate distributed energy resources and participate in electricity spot market and ancillary service market, thereby establishing diverse business models with clear value realisation pathways. In addition, overseas service providers use power operation data and AI to accurately forecast power supply-demand gaps, dynamically optimize charging/discharging and DES asset coordinated dispatch strategies, enhancing operating efficiency of DES assets and stability of electricity market. However, the entry barriers of overseas electricity markets remain high, requiring capabilities in technical standard adaptation, regulatory compliance, localized operation service networks, and competition from local players.

Leveraging China’s Market Dynamics for Global Competitiveness

Supported by China’s unique market characteristics, domestic service providers have strengthened their core capabilities, thereby establishing notable competitiveness in the global market.

- ***Market Scale Advantage.*** As the world’s largest electricity consumption market, China accounted for 34.5% of global electricity consumption in 2025 and is also the biggest market for energy storage applications, enabling accumulation of large-scale asset management experience for service providers;
- ***Technology Advantage.*** Given its inherent intermittency and volatility, high penetration of new energy generation in China drives greater requirements for real-time power supply-demand balancing, prompting leading modern electricity service providers to achieve continued technological breakthroughs in price forecasting, AI-powered trading and dispatch, thereby strengthening their competitiveness in overseas markets;
- ***Cost-Effectiveness Advantage.*** China’s mature industrial chain for distributed energy resources supports cost competitiveness throughout the asset lifecycle, driven by economies of scale and collaborative innovation.

INDUSTRY OVERVIEW

SOURCE OF INFORMATION

CIC was commissioned to conduct an analysis of, and to report Global and China’s modern electricity service industry at a fee of RMB700,000. The commissioned report has been prepared by CIC independent of the influence of the Company and other interested parties. CIC’s services include industry consulting, commercial due diligence, and strategic consulting. Its consulting team has been tracking the latest market trends across various industries, where it has relevant and insightful market intelligence.

CIC conducted both primary and secondary research using a variety of resources. Primary research involved interviewing key industry experts and leading industry participants. Secondary research involved analyzing data from various publicly available data sources, such as the National Bureau of Statistics and other PRC governmental agencies’ releases. The market projections in the commissioned report are based on the following key assumptions: (i) given China’s enduringly stable political system, effective social governance and robust economic foundation, it is anticipated that the overall social, economic, and political environments in China will remain stable during the forecast period; (ii) according to the National Bureau of Statistics of China, key economic indicators such as gross Domestic Product (GDP), industrial added value, and urbanization rate have shown an upward trend in China over the past decade, and thus we believe that the economic and industry development in China is likely to maintain a steady growth trajectory during the forecast period, accompanied by continuing urbanization; and (iii) there will be no extreme force majeure event or unforeseen industry regulation that may significantly or fundamentally affect the relevant market and industry.

Unless otherwise specified, all data and forecasts contained in this section are derived from the CIC Report. The Directors have confirmed that there has been no occurrence of adverse change in the overall market information that would subject the data to significant restrictions, contradiction, or negative effects since the date of the CIC Report.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OVERVIEW

We are a leading AI-powered, DES-based modern electricity service provider in China.

In 2018, our co-founders, Ms. Wei, our executive Director, general manager and chairperson of the Board, and Dr. Yan, our executive Director and our chief scientist, recognized the burgeoning market demand for modern electricity services and battery safety. Leveraging the substantial experience in the electricity services industry and scientific knowledge Ms. Wei and Dr. Yan possessed, they ventured into the establishment of a modern electricity service provider — our Company. Through continuous pursuit of excellence and enhancement of our offerings, we attracted strategic investors who shared our vision for the modern electricity services industry. This collective effort has transformed us into a corporation with a diverse and broad shareholder base.

After a series of transfers of equity interests and capital increase between 2018 to 2026, our Company was controlled by Ms. Wei and Dr. Yan, who, in aggregate, are entitled to exercise approximately 40.43% of the voting rights of our Company as of the Latest Practicable Date. For details, see “Relationship with our Controlling Shareholders” of this document.

On February 5, 2026, our Company was converted into a joint stock company with limited liability. As of the Latest Practicable Date, our Company had an issued share capital of 12,871,903 Shares in a nominal value of RMB1.0 each.

OUR KEY MILESTONES

The table below sets out the key business milestones in the history of our Group:

Year	Event
2018	Our Company was established.
2019	- PSS was officially launched - Become a service provider for energy storage safety systems in Zhejiang State Grid - PSS was applied to the Mendie Power Station in the UK, which was the first large-scale battery energy storage project carried out by Chinese power enterprises in developed countries
2020	Appointed as the approved suppliers of the five major power generation groups in the PRC
2021	- Our Green Electricity Platform User-Side New Power System Overall Solution was launched - The world’s first publicly published successful implementation of hardware solver (early prototypes of physical AI) for lithium battery electrochemical models as of 2021 - Our key research and development achievement “Key Technologies and Engineering Applications for Fire Prevention and Control in Scaled Lithium Iron Phosphate Battery Energy Storage Stations” won the First Prize of the 2021 State Grid Science and Technology Progress Award

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Year	Event
	PSS was applied in Nanjing Jiangbei Power Station, which was at the time the largest electrochemical energy storage station under construction in China and China’s first grid-side energy storage station to utilize second-life batteries
2022	- Recognized as a “Small Giant of Technological Innovation” under Shanghai’s 2022 Technology Innovation Action Plan - Approved to establish the “Fourth Batch of Academician (Expert) Workstations for 2022” in Shanghai
2023	- Collaborating with domestic energy industry partners, we completed the establishment of two Pre-REITS funds for commercial and industrial energy storage assets, with a total target subscription scale exceeding RMB200 million, where we took lead for the operation and maintenance services for the entire project lifecycle within the fund. - Awarded “National Intellectual Property Advantage Enterprise”
2024	- Integrated PSS into our Green Electricity Platform, upgraded into energy asset operation and maintenance management platform and comprehensively enhanced digital service capabilities - Cooperated with state-owned enterprises in Zhejiang and Huzhou, with business operation covering the Yangtze River Delta region, where we were responsible for the operation and maintenance services for the entire project lifecycle - Awarded the title of “National Specialized and Innovative Small Giant Enterprise” - Awarded Shanghai Technology Invention First prize - Recognised as “Shanghai Brand” - Obtained “virtual power plant qualification” in Zhejiang
2025	- We became the largest modern electricity service provider in China in terms of DES asset operating scale as of December 31, 2025 - Secured electricity sales qualification in Jiangsu, Anhui and Zhejiang - Expanded electricity retail and trading business, signing contracts for approximately 6 billion kilowatt-hours
2026	Our Mushroom Xiaomei AI agent platform was launched

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

ESTABLISHMENT AND MAJOR SHAREHOLDING CHANGES OF OUR COMPANY

1. The establishment and early development of the Company

On January 19, 2018, Ms. Wei, Dr. Yan and Ms. Xiao Xia established our Company in Shanghai, the PRC. As of the date of our establishment, our Company was owned as to 20.00% by Ms. Wei, 55.00% by Dr. Yan and as to 25.00% by Ms. Xiao Xia. At the early stage of our establishment, the principal business of our Company was battery technology and sales of battery monitoring modules and software. After a series of equity transfers between 2018 and 2020, Ms. Xiao Xia ceased to hold any interests in our Company and our Company was owned as to 60.00% by Ms. Wei and as to 40.00% by Dr. Yan in May 2020.

On March 19, 2021, (i) Ms. Wei, Dr. Yan and Shanghai Tuxin entered into a tripartite agreement, pursuant to which (i) Ms. Wei agreed to transfer 22.00% of the equity interests of our Company to Shanghai Tuxin at nil consideration and (ii) Dr. Yan agreed to transfer 4.00% of the equity interests of our Company to Shanghai Tuxin at nil consideration. On June 10, 2021, an equity transfer agreement was entered into by Dr. Yan to Shanghai Tuxin, pursuant to which Dr. Yan agreed to transfer 10.00% of the then equity interests of our Company to Shanghai Tuxin at nil consideration (collectively, the “**ESOP Transfers**”). The consideration for the ESOP Transfers was determined with the fact that Shanghai Tuxin was a platform established for the purpose of implementation of the [REDACTED] Share Incentive Plans. The ESOP Transfers were legally completed and settled in March 2021 and June 2021, respectively.

The relevant registered capital was not paid up at the time of the ESOP Transfers. Shanghai Tuxin paid up the relevant registered capital as of October 11, 2024. See “— Our Employees Shareholding Platform” in this section below for more details.

2. Series Angel Investments

On March 22, 2021, our Company, the then existing shareholders of our Company, SH Inno, SZ Inno and HKX entered into a subscription agreement, pursuant to which SH Inno, SZ Inno and HKX agreed to subscribe for the increased registered capital of our Company of RMB1,250,000, in aggregate at an aggregated consideration of RMB16,000,000 (the “**Series Angel Investments**”).

Upon the completion of the Series Angel Investments in April 2021 and the ESOP Transfers in June 2021, the shareholding structure of our Company was as follows:

Name of Shareholder of our Company	Registered capital held	Percentage of shareholding
	(RMB)	
Ms. Wei	1,900,000	30.40%
Dr. Yan	1,175,000	18.80%
Shanghai Tuxin	1,925,000	30.80%
HKX	625,000	10.00%
SH Inno	468,750	7.50%
SZ Inno	156,250	2.50%
Total	6,250,000	100.00%

3. Series A Investments

On June 22, 2021, our Company, the then existing shareholders of our Company, Suzhou Yuanming, SH Junlian and BJ Junlian entered into a subscription agreement, pursuant to which Suzhou Yuanming, SH Junlian and BJ Junlian agreed to subscribe for the increased registered capital of our Company of RMB1,102,941, in aggregate, at an aggregated consideration of RMB79,411,765 (the “**Series A Investments**”).

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Upon the completion of the Series A Investments in September 2021, the shareholding structure of our Company was as follows:

Name of Shareholder of our Company	Registered capital held (RMB)	Percentage of shareholding
Ms. Wei	1,900,000	25.84%
Dr. Yan	1,175,000	15.98%
Shanghai Tuxin	1,925,000	26.18%
SH Inno	468,750	6.38%
SZ Inno	156,250	2.13%
HKX	625,000	8.50%
Suzhou Yuanming	661,765	9.00%
BJ Junlian	147,059	2.00%
SH Junlian	294,117	4.00%
Total	7,352,941	100.00%

4. Series B Investments

On January 10, 2022, our Company, the then existing shareholders of our Company, Xiamen Creo, SBL, Tianjin Taibo and Ningbo Youliang entered into a subscription agreement, pursuant to which each of Xiamen Creo, SBL, Tianjin Taibo and Ningbo Youliang agreed to subscribe for the increased registered capital of our Company of RMB1,435,435, at an aggregated consideration of RMB196,000,000 (the “Series B Investments”).

Upon the completion of the Series B Investments in October 2022, the shareholding structure of our Company was as follows:

Name of Shareholder of our Company	Registered capital held (RMB)	Percentage of shareholding
Ms. Wei	1,900,000	21.62%
Dr. Yan	1,175,000	13.37%
Shanghai Tuxin	1,925,000	21.91%
SH Inno	468,750	5.33%
SZ Inno	156,250	1.78%
HKX	625,000	7.11%
Suzhou Yuanming	1,027,947	11.70%
BJ Junlian	234,943	2.67%
SH Junlian	469,885	5.35%
Xiamen Creo	329,564	3.75%
SBL	373,506	4.25%
Tianjin Taibo	73,236	0.83%
Ningbo Youliang	29,295	0.33%
Total	8,788,376	100.00%

5. Series B+ Investments

On March 22, 2022, our Company, the then existing shareholders of our Company, Jiyuan Haoyue and Jiyuan Haoyuan entered into an investment agreement, pursuant to which (i) Ms. Wei, Dr. Yan, SH Inno and HKX agreed to transfer equity interests of our Company corresponding to registered capital of our Company of RMB219,708, in aggregate, to Jiyuan Haoyue and Jiyuan Haoyuan at an aggregated consideration of RMB30,000,000; and (ii) Jiyuan Haoyue and Jiyuan Haoyuan agreed to subscribe for the increased registered capital of our Company of RMB188,323, in aggregate, at an aggregated consideration of RMB30,000,000 (the “Series B+ Investments”).

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Upon the completion of the Series B+ Investments in July 2022, the shareholding structure of our Company was as follows:

Name of Shareholder of our Company	Registered capital held (RMB)	Percentage of shareholding
Ms. Wei	1,863,382	20.76%
Dr. Yan	1,138,382	12.68%
Shanghai Tuxin	1,925,000	21.43%
SH Inno	395,514	4.41%
SZ Inno	156,250	1.74%
HKX	551,764	6.15%
Suzhou Yuanming	1,027,947	11.45%
BJ Junlian	234,943	2.62%
SH Junlian	469,885	5.23%
Xiamen Creo	329,564	3.67%
SBL	373,506	4.16%
Tianjin Taibo	73,236	0.82%
Ningbo Youliang	29,295	0.33%
Jiyuan Haoyue	234,291	2.61%
Jiyuan Haoyuan	173,740	1.94%
Total	8,976,699	100.00%

6. Series C Investments

On September 27, 2022, our Company, the then shareholders of our Company and Suzhou Junlian and Xi'an Haiying entered into a subscription agreement, pursuant to which Suzhou Junlian, Xi'an Haiying, SH Junlian, BJ Junlian, Ningbo Youliang, Tianjin Taibo, Jiyuan Haoyue and Jiyuan Haoyuan agreed to subscribe for the increased registered capital of our Company of RMB1,436,856, in aggregate, at an aggregated consideration of RMB295,000,000 (the “**Series C Investments**”). Under the same agreement, Shanghai Tuxin also agreed to subscribe for the increased registered capital of our Company of RMB277,630, representing 3% of the enlarged registered capital of our Company prior to the Series C Investments at nil consideration. The consideration was determined at the time with reference to the fact that Shanghai Tuxin was a platform established for the purpose of implementation of the [REDACTED] Share Incentive Plans. Shanghai Tuxin paid up the relevant increased registered capital as of October 11, 2024.

Upon the completion of the capital subscription by Shanghai Tuxin and the Series C Investments in November 2022, the shareholding structure of our Company was as follows:

Name of Shareholder of our Company	Registered capital held (RMB)	Percentage of shareholding
Ms. Wei	1,863,382	17.43%
Dr. Yan	1,138,382	10.65%
Shanghai Tuxin	2,202,630	20.60%
SH Inno	395,514	3.70%
SZ Inno	156,250	1.46%
HKX	551,764	5.16%
Suzhou Yuanming	1,027,947	9.61%
BJ Junlian	251,211	2.35%
SH Junlian	502,324	4.70%
Xiamen Creo	329,564	3.08%
SBL	373,506	3.49%

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Name of Shareholder of our Company	Registered capital held (RMB)	Percentage of shareholding
Tianjin Taibo	97,589	0.91%
Ningbo Youliang	102,355	0.96%
Jiyuan Haoyue	332,177	3.11%
Jiyuan Haoyuan	246,328	2.30%
Suzhou Junlian	974,140	9.11%
Xi'an Haiying	146,121	1.37%
Total	10,691,184	100.00%

7. Series D Investments

On December 21, 2023, our Company, the then shareholders of our Company, National Green Development Fund and Suzhou Junlian entered into a subscription agreement, pursuant to which National Green Development Fund and Suzhou Junlian agreed to subscribe for the increased registered capital of our Company of RMB989,925, in aggregate, at an aggregated consideration of RMB250,000,000 (the “Series D Investments”).

Upon the completion of the Series D Investments in December 2023, the shareholding structure of our Company was as follows:

Name of Shareholder of our Company	Registered capital held (RMB)	Percentage of shareholding
Ms. Wei	1,863,382	15.95%
Dr. Yan	1,138,382	9.75%
Shanghai Tuxin	2,202,630	18.86%
SH Inno	395,514	3.39%
SZ Inno	156,250	1.34%
HKX	551,764	4.72%
Suzhou Yuanming	1,027,947	8.80%
BJ Junlian	251,211	2.15%
SH Junlian	502,324	4.30%
Xiamen Creo	329,564	2.82%
SBL	373,506	3.20%
Tianjin Taibo	97,589	0.84%
Ningbo Youliang	102,355	0.88%
Jiyuan Haoyue	332,177	2.84%
Jiyuan Haoyuan	246,328	2.11%
Suzhou Junlian	1,172,125	10.03%
Xi'an Haiying	146,121	1.25%
National Green Development Fund	791,940	6.78%
Total	11,681,109	100.00%

8. Series D+ Investments and the equity transfer in October 2025

On December 13, 2024, our Company, the then shareholders of our Company, Green Energy Fund and Future Energy Fund entered into a subscription agreement, pursuant to which Green Energy Fund and Future Energy Fund agreed to subscribe for the increased registered capital of our Company of RMB712,745, in aggregate, at an aggregated consideration of RMB180,000,000 (the “Series D+ Investments”).

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On October 17, 2025, Suzhou Yuanming and Suzhou Junlian entered into an equity transfer agreement, pursuant to which Suzhou Yuanming agreed to transfer equity interests of our Company corresponding to RMB495,754 of our registered capital to Suzhou Junlian at a consideration of RMB50,000,000. To the best knowledge of the Company, the considerations in respect of such equity transfers were determined after arm’s length negotiations between the parties, with reference to the value of the registered capital of our Company and the status and prospects of our business at the time of the relevant transactions.

Upon the completion of the above equity transfer in October 2025 and the completion of the Series D+ Investments in January 2025, the shareholding structure of our Company was as follows:

Name of Shareholder of our Company	Registered capital held (RMB)	Percentage of shareholding
Ms. Wei	1,863,382	15.03%
Dr. Yan	1,138,382	9.19%
Shanghai Tuxin	2,202,630	17.77%
SH Inno	395,514	3.19%
SZ Inno	156,250	1.26%
HKX	551,764	4.45%
Suzhou Yuanming	532,193	4.29%
BJ Junlian	251,211	2.03%
SH Junlian	502,324	4.05%
Xiamen Creo	329,564	2.66%
SBL	373,506	3.01%
Tianjin Taibo	97,589	0.79%
Ningbo Youliang	102,355	0.83%
Jiyuan Haoyue	332,177	2.68%
Jiyuan Haoyuan	246,328	1.99%
Suzhou Junlian	1,667,879	13.46%
Xi’an Haiying	146,121	1.18%
National Green Development Fund	791,940	6.39%
Green Energy Fund	593,955	4.79%
Future Energy Fund	118,790	0.96%
Total	12,393,854	100.00%

9. Conversion into a Joint Stock Limited Company in February 2026

On February 5, 2026, our Company was converted from a limited liability company into a joint stock limited company and renamed as Makesense Energy Technology Co., Limited (美克生能源科技股份有限公司) with 12,393,854 issued Shares of RMB1.0 each.

10. Equity Transfer in February 2026

On February 6, 2026, SZ Inno and Inno LPF entered into an equity transfer agreement, pursuant to which SZ Inno agreed to transfer 51,641 Shares, representing 0.4167% of the issued Shares of our Company to Inno LPF at the consideration of RMB10,000,000. To the best knowledge of the Company, the considerations in respect of such equity transfers were determined after arm’s length negotiations between the parties, with reference to the relationship between the parties, the value of the registered capital of our Company and the status and prospects of our business at the time of the relevant transactions.

11. Series E Investments

On March 26, 2026, our Company, the then shareholders of our Company, SH Jiliuling SH Songjiang and Mr. Lu Feng entered into a subscription agreement, pursuant to which SH Jiliuling, SH Songjiang and Mr. Lu Feng agreed to subscribe for the increased registered capital of our Company of RMB478,049, in aggregate, at an aggregated consideration of RMB135,000,000 (the “Series E Investments”).

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Upon the completion of the conversion in February 2026, the equity transfer in February 2026 and the Series E Investments in April 2026, the shareholding structure of our Company was as follows:

Name of Shareholder of our Company	Number of Shares	Percentage of shareholding
Ms. Wei	1,863,382	14.48%
Dr. Yan	1,138,382	8.84%
Shanghai Tuxin	2,202,630	17.11%
SH Inno	395,514	3.07%
SZ Inno	104,609	0.81%
HKX	551,764	4.29%
Suzhou Yuanming	532,193	4.13%
BJ Junlian	251,211	1.95%
SH Junlian	502,324	3.90%
Xiamen Creo	329,564	2.56%
SBL	373,506	2.90%
Tianjin Taibo	97,589	0.76%
Ningbo Youliang	102,355	0.80%
Jiyuan Haoyue	332,177	2.58%
Jiyuan Haoyuan	246,328	1.91%
Suzhou Junlian	1,667,879	12.96%
Xi'an Haiying	146,121	1.14%
National Green Development Fund	791,940	6.15%
Green Energy Fund	593,955	4.61%
Future Energy Fund	118,790	0.92%
Inno LPF	51,641	0.40%
SH Jiliuling	106,233	0.83%
SH Songjiang	35,411	0.28%
Lu Feng	336,405	2.61%
Total	12,871,903	100.00%

12. Share Subdivision

As approved by our Shareholders’ general meeting on April 15, 2026, immediately before the [REDACTED], one Share of RMB1.0 will each subdivide into 10 Shares of RMB0.1 each (the “Share Subdivision”). Immediately after the Share Subdivision, the number of our issued Shares shall become 128,719,030. See “Corporate Structure — Corporate Structure Immediately prior to the Completion of the [REDACTED]” for details of the shareholding structure of our Company immediately before completion of the [REDACTED].

OUR PRINCIPAL SUBSIDIARIES

As of the Latest Practicable Date, the following subsidiaries made a material contribution to our results of operation during the Track Record Period:

Name of principal subsidiary	Place of establishment	Date of establishment	Commencement of business	Ownership as of the Latest Practicable Date	Principal business activities
Beijing Makesense	PRC	November 21, 2024	November 21, 2024	100.00%	Provision of intelligent electricity services
Zhejiang Makesense	PRC	October 26, 2022	October 26, 2022	100.00%	Provision of intelligent electricity services
Zhongyue Construction	PRC	October 28, 2019	June 6, 2022 ^(Note)	100.00%	Provision of intelligent electricity services

Note: The date refers to when Zhongyue Construction was acquired by our Company and became a member of our Group.

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MATERIAL ACQUISITIONS, DISPOSALS AND MERGERS

As an integral part of our business model, we establish project companies for each development project by way of establishing subsidiaries and/or joint ventures. For details, see “Business — Our Business Model — DES Asset Development”. During the Track Record Period, we transferred the equity interests of certain of our subsidiaries to asset investors following project completion. As each of the project companies does not individually make material contributions to our results of operations and such equity transfers are within our ordinary course of business, we do not consider such equity transfers to be material disposals of our Company.

Our Directors confirm that, to the best of their knowledge and belief, prior to the Group’s disposal of our project companies, our Directors were not aware of any material non-compliance of each of the project companies.

Taking into account the foregoing, our Directors confirm we had no material acquisitions, disposals or mergers during the Track Record Period and up to the Latest Practicable Date.

COMPLIANCE WITH PRC LAWS AND REGULATIONS

Our PRC Legal Advisor has confirmed that we have legally and properly completed, settled, and obtained the requisite legal approvals and completed requisite governmental registrations or filings with relevant governmental authorities in the PRC with respect to all the aforesaid capital increases and equity transfers in all material respects.

[REDACTED] INVESTMENTS

1. Principal Terms of the [REDACTED] Investments

As of the Latest Practicable Date, we have received eight rounds of [REDACTED] Investments. The following table summarizes the key terms of the [REDACTED] Investments to our Company made by the [REDACTED] Investors:

Investment(s)	Date of agreement	Last payment date of consideration	Registered capital subscribed for/purchased (RMB)	Total amount of consideration (RMB)	Cost per RMB of the registered capital/Share (approximation) ⁽¹⁾ (RMB)	Discount to the [REDACTED] ⁽²⁾ (approximation) ⁽²⁾
Series Angel . .	March 22, 2021	June 9, 2021	1,250,000	16,000,000	1.28	[REDACTED]
Series A	June 22, 2021	July 9, 2021	1,102,941	79,411,765	7.20	[REDACTED]
Series B	January 10, 2022	March 15, 2022	1,435,435	196,000,000	13.65	[REDACTED]
Series B+	March 22, 2022	October 21, 2022	188,323	30,000,000	15.93 ⁽³⁾	[REDACTED]
Series C	September 27, 2022	October 17, 2022	1,436,856	295,000,000	20.53	[REDACTED]
Series D	December 21, 2023	December 29, 2023	989,925	250,000,000	25.25	[REDACTED]
Series D+	December 13, 2024	December 23, 2024	712,745	180,000,000	25.25	[REDACTED]
Series E	March 26, 2026	April 17, 2026	478,049	135,000,000	28.24	[REDACTED]

Notes:

- (1) The cost per Share figures represents the total consideration paid by each of the [REDACTED] Investors in each round divided by the Shares it shall hold after the conversion of our Company into a joint stock company with limited liability. For comparison purposes, the cost per Share is presented with the assumption that the Share Subdivision was completed at that time.

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- (2) The discount to the [REDACTED] is calculated based on the foreign exchange rate as of the Latest Practicable Date and the assumption that the [REDACTED] is HK\$[REDACTED] per H Share (being the mid-point of the indicative [REDACTED] range).
- (3) The equity transfer where Ms. Wei, Dr. Yan, SH Inno and HKX agreed to transfer equity interests of our Company corresponding to registered capital of our Company of RMB219,708, in aggregate, to Jiyuan Haoyue and Jiyuan Haoyuan at an aggregated consideration of RMB30,000,000 pursuant to an investment agreement dated March 22, 2022 was not included in the above table as the considerations of the transfer were paid to the relevant then Shareholders (instead of the Company) by the relevant [REDACTED] Investors and fully settled on October 21, 2022.

Basis of determining the consideration paid	Save as otherwise disclosed above, the consideration for each round of the [REDACTED] Investments was determined based on arm’s length negotiation amongst the respective parties after taking into consideration of (i) the timing of investments, (ii) the status and prospect of our business at the time of investment, (iii) the business resources, strategic cooperation opportunities and benefits that the [REDACTED] Investors could bring to our Company and (iv) the then valuation of our Company (as the case may be).
Lock-up period	Under the applicable PRC laws, all existing Shareholders (including the [REDACTED] Investors) are subject to a lock-up period of 12 months following the [REDACTED].
[REDACTED] from the [REDACTED] Investments	We utilized the [REDACTED] from other [REDACTED] Investments for research and development, business expansion, capital expenditures and general working capital of our Group. As of the Latest Practicable Date, 88.57% of the net proceeds received by our Company from the [REDACTED] investments were utilized and we expect to utilize the remaining proceeds from the [REDACTED] investments for the same purposes.
Strategic benefits the [REDACTED] Investments brought to our Company	We believed that our Company could benefit from the additional capital provided by the [REDACTED] Investors’ investments in our Company and the [REDACTED] Investors’ knowledge and experience. We could take advantage of the [REDACTED] Investors’ industry resources and networks, while broadening our shareholder base. The series of investments made by the [REDACTED] Investors in our Company reflected their consistent confidence in the business of our Group and served as an endorsement of our performance and future prospects.

2. Special rights of the [REDACTED] Investors

The [REDACTED] Investors have been granted certain special rights in relation to our Company, including, among others, pre-emptive rights, anti-dilution rights, right of first refusal, co-sale rights, redemption rights, liquidation rights, rights to nominate directors and special quorum requirements in board meetings.

A supplemental shareholders’ agreement dated April 17, 2026, was entered into by, among others, our Company and the [REDACTED] Investors, in respect of determination of the special rights. The redemption rights, liquidation rights, the right of first refusal, anti-dilution rights and co-sale rights have been terminated before the date on which the Company first submitted the [REDACTED] to the Stock Exchange and all other special rights of the [REDACTED] Investors shall be terminated upon the [REDACTED].

3. Compliance with the Guide

On the basis that (i) the consideration for the [REDACTED] Investments was irrevocably settled no less than 28 clear days before the date of our first submission of the [REDACTED] to the Stock Exchange or no less than 120 clear days before the [REDACTED] (as the case may be); and (ii) the special rights granted to the [REDACTED] Investors will be terminated upon the [REDACTED] with, among others, the redemption and divestment rights terminated before the first filing of the [REDACTED] by our Company with the Stock Exchange, the Sole Sponsor confirms that the investments by the [REDACTED] Investors are in compliance with Chapter 4.2 of the Guide.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

4. Information relating to our [REDACTED] Investors

Set out below are details of our [REDACTED] Investors. To the best of our Company’s knowledge, information and belief and having made all reasonable enquiries, save as otherwise disclosed, each of the [REDACTED] Investors and their beneficial owners are Independent Third Parties.

(1) The Legend Capital Entities

The Legend Capital Entities comprises SH Junlian, Suzhou Junlian and BJ Junlian, all of which are primarily engaged in private equity investments. The general partner of each of SH Junlian, Suzhou Junlian and BJ Junlian is Lhasa Junqi Enterprise Management Co., Ltd. (拉薩君祺企業管理有限公司) (“**Lhasa Junqi**”).

SH Junlian

Shanghai Junlian Shenghao Venture Capital Partnership (Limited Partnership) (上海君聯晟灝創業投資合夥企業(有限合夥)) (“**SH Junlian**”) is a limited partnership established and registered in the PRC. As of the Latest Practicable Date, none of the limited partners of SH Junlian held 30% or more partnership interest.

Suzhou Junlian

Suzhou Junlian Xiangdao Equity Investment Partnership (Limited Partnership) (蘇州君聯相道股權投資合夥企業(有限合夥)) (“**Suzhou Junlian**”) is a limited partnership established and registered in the PRC. As of the Latest Practicable Date, none of the limited partners of Suzhou Junlian held 30% or more partnership interest.

BJ Junlian

Beijing Junlian Shengyuan Equity Investment Partnership (Limited Partnership) (北京君聯晟源股權投資合夥企業(有限合夥)) (“**BJ Junlian**”) is a limited partnership established and registered in the PRC. As of the Latest Practicable Date, aside from Lhasa Junqi serving as its general partner, BJ Junlian has 21 limited partners, including the National Council for Social Security Fund of the PRC (全國社會保障基金理事會) which held 35.71% of the partnership interest, with no other limited partner holding more than 30% of the partnership interests.

Lhasa Junqi is a wholly-owned subsidiary of Legend Capital Management Co., Ltd. (君聯資本管理股份有限公司) (“**Legend Capital**”). Legend Capital is owned as to 80% by Beijing Juncheng Hezhong Investment Management Partnership (Limited Partnership) (北京君誠合眾投資管理合夥企業(有限合夥)) (“**Juncheng Hezhong**”), and as to 20% by Legend Holdings Corporation (聯想控股股份有限公司), the shares of which are listed on the Stock Exchange (stock code: 03396). Juncheng Hezhong is controlled by its general partner Beijing Junqi Jiarui Enterprise Management Limited (北京君祺嘉睿企業管理有限公司), which is owned by Mr. Chen Hao (陳浩) as to 40% with no other shareholders holding 30% or more shareholding interest as of the Latest Practicable Date.

(2) National Green Development Fund

National Green Development Fund Co., Ltd. (國家綠色發展基金股份有限公司) (“**National Green Development Fund**”) is a joint stock limited liability company established and registered in the PRC. National Green Development Fund is a state-controlled investment fund focused on green development, which is ultimately controlled by the Ministry of Finance of the People’s Republic of China, which directly held approximately 11.30% of its equity interests as of the Latest Practicable Date with no other individual shareholder holding more than 10% of its equity interests.

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(3) Green Energy Fund

Beijing Green Energy and Low Carbon Industry Investment Fund (Limited Partnership) (北京市綠色能源和低碳產業投資基金(有限合夥)) (“**Green Energy Fund**”) is a limited partnership established in the PRC. Its general partners are Beijing Jingguoguan Real Estate Management Co., Ltd. (北京京國管置業管理有限公司) and BAIC Group Industrial Investment Co., Ltd. (北京汽車集團產業投資有限公司). BAIC Group Industrial Investment Co., Ltd. is wholly owned by Beijing Automotive Group Co., Ltd. (北京汽車集團有限公司). Both Beijing Jingguoguan Real Estate Management Co., Ltd. and Beijing Automotive Group Co., Ltd. are wholly owned by Beijing State-owned Capital Operation and Management Co., Ltd. (北京國有資本運營管理有限公司), which is wholly owned by the State-owned Assets Supervision and Administration Commission of Beijing Municipal People’s Government (北京市人民政府國有資產監督管理委員會).

Beijing Municipal Government Investment Guidance Fund (Limited Partnership) (北京市政府投資引導基金(有限合夥)) is the sole limited partner of Green Energy Fund which holds 99% of its partnership interests. The general partner of Beijing Municipal Government Investment Guidance Fund (Limited Partnership) is Beijing Municipal Government Investment Guidance Fund Management Co., Ltd. (北京市政府投資引導基金管理有限公司), which is owned by Beijing Jingguoguan Real Estate Management Co., Ltd. and Beijing Jingguoguan Real Estate Investment Co., Ltd. (北京京國管置業投資有限公司) as to 50% each, both of which are wholly owned by the State-owned Assets Supervision and Administration Commission of Beijing Municipal People’s Government (北京市人民政府國有資產監督管理委員會). The sole limited partner of Beijing Municipal Government Investment Guidance Fund (Limited Partnership) (北京市政府投資引導基金(有限合夥)) is Beijing State-owned Capital Operation and Management Co., Ltd. (北京國有資本運營管理有限公司).

(4) Suzhou Yuanming

Suzhou Yuanming Venture Capital Center (Limited Partnership) (蘇州源明創業投資中心(有限合夥)) (“**Suzhou Yuanming**”) is a limited partnership established and registered in the PRC, primarily engaged in equity investment, investment management, and asset management. As of the Latest Practicable Date, the general partner of Suzhou Yuanming is Nanjing Yuanchip Management Consulting Co., Ltd. (南京源芯管理諮詢有限公司), a limited company established in the PRC which is indirectly owned as to approximately 82.18% by Mr. Cao Yi (曹毅). Suzhou Yuanming has three limited partners, all of which are ultimately controlled Mr. Cao Yi (曹毅).

(5) HKX

X TECHNOLOGY FUND, L.P. (“**HKX**”) is a limited partnership fund established in the Cayman Islands, primarily engaged in equity investments. The general partner of HKX is X Tech Management, L.P. (Cayman), which general partner is X Tech Holdings Ltd. (Cayman). X Tech Holdings Ltd. (Cayman) is a limited company which is owned as to 48.4% by Wang Shun Group Limited, a company wholly owned by Dr. Chan Guanhua (陳冠華), a former director of our Company, and as to 33.3% by Clear Water Bay Capital Limited with no other shareholder owning 30% or more of its equity interests. Clear Water Bay Capital Limited is a limited company owned as to 57% by Li Zexiang with no other shareholder owning 30% or more of its equity interests.

(6) SH Inno

Shanghai Inno Dingyi Entrepreneurship Investment Enterprise (Limited Partnership) (上海英諾鼎璿創業投資企業(有限合夥)) (“**SH Inno**”) is a limited partnership established and registered in the PRC, primarily engaged in equity investment, investment management, and asset management. As of the Latest Practicable Date, the general partner of SH Inno is Shanghai Innhoude Enterprise Management Co., Ltd. (上海英諾厚德企業管理有限公司), which is ultimately controlled by Mr. Li Zhu (李竹). As of the Latest Practicable Date, no limited partner held 30% or more of the partnership interests in SH Inno.

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(7) SZ Inno

Shenzhen Inno United Information Consulting Partnership (Limited Partnership) (深圳英諾聯合資訊諮詢合夥企業(有限合夥)) (“**SZ Inno**”) is a limited partnership established and registered in the PRC, primarily engaged in equity investment, investment management, and asset management. As of the Latest Practicable Date, the general partner of SZ Inno is Mr. Sun Yixing (孫逸興). SZ Inno has one limited partner, Shenzhen-Hong Kong United Investment Fund Co., Ltd. (深港聯合投資基金有限公司), holding 99.99% of the partnership interests in SZ Inno. Shenzhen-Hong Kong United Investment Fund Co., Ltd. (深港聯合投資基金有限公司) is owned by five individuals with no single shareholder holding 30% or more of its issued shares.

(8) Inno LPF

Hong Kong Inno CIES Limited Partnership Fund (“**Inno LPF**”) is a limited partnership established and registered in Hong Kong, primarily engaged in equity investment, investment management, and asset management. As of the Latest Practicable Date, the general partner of Inno LPF is Hong Kong Innovation New Capital Investment Limited, an Independent Third Party.

(9) The CTF Entities

The CTF Entities comprises Solution Best Limited (“**SBL**”) and Xiamen Creo Investment Company Limited (廈門六脈投資有限公司) (“**Xiamen Creo**”). SBL is a company limited by liability incorporated in the British Virgin Islands. Xiamen Creo is a limited company established and registered in the PRC. Both SBL and Xiamen Creo are primarily engaged in equity investment, investment management, and asset management and an indirect wholly owned company of CTF Services Limited, a company whose shares are listed on the Stock Exchange (Stock Code: 0659.HK), whose controlling shareholders, according to publicly available information, are Cheng Yu Tung Family (Holdings) Limited and Cheng Yu Tung Family (Holdings II) Limited.

(10) Xi'an Haiying

Xi'an Junlian Haiying Equity Investment Partnership (Limited Partnership) (西安君聯海盈股權投資合夥企業(有限合夥)) (“**Xi'an Haiying**”) is a limited partnership established under the laws of the PRC on October 16, 2019. Its principal business is early-stage venture capital and growth-stage private equity investments. Xi'an Haiying is held (i) by Legend Capital and Qingdao Lifeng Haiying Investment Management Partnership Enterprise (Limited Partnership) (青島礪豐海盈投資管理合夥企業(有限合夥)) (“**Qingdao Lifeng Haiying**”) as its general partners; and (ii) by other limited partners, none of which holds 30% or more interest therein. Each of them is an Independent Third Party.

Qingdao Lifeng Haiying acts as the fund manager of Xi'an Haiying, and is controlled by Qingdao Haiying Lifeng Investment Management Co., Ltd. (青島海盈礪豐投資管理有限公司), which is ultimately controlled by Wang Haiming (王海明), an Independent Third Party.

(11) The Jiyuan Entities

The Jiyuan Entities comprises Jiyuan Haoyue and Jiyuan Haoyuan.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Suzhou Jiyuan Haoyue Venture Capital Partnership (L.P.) (蘇州紀源皓月創業投資合夥企業(有限合夥)) (“**Jiyuan Haoyue**”) and Suzhou Jiyuan Haoyuan Venture Capital Partnership Enterprise (Limited Partnership) (蘇州紀源皓元創業投資合夥企業(有限合夥)) (“**Jiyuan Haoyuan**”) are limited partnerships established and registered in the PRC. The general partner of Jiyuan Haoyue is Zhangjiagang Yuanyu Enterprise Management Partnership (Limited Partnership) (張家港源宇企業管理合夥企業(有限合夥)) (“**Zhangjiagang Yuanyu**”) whose general partner is Shanghai Jican Management Consulting Co., Ltd. (上海紀璨管理諮詢有限公司) (“**Shanghai Jican**”), which is controlled as to 33.4% by XU Bingdong (徐炳東), and each as to 33.3% by LI Haojun (李浩軍) and WU Chenyao (吳陳堯), and all being Independent Third Parties. The general partner of Jiyuan Haoyuan is Shanghai Jiyuan Huining Enterprise Management Partnership (Limited Partnership) (上海紀源匯寧企業管理合夥企業(有限合夥)), whose general partner is also Shanghai Jican. As of the Latest Practicable Date, both Jiyuan Haoyue and Jiyuan Haoyuan has more than 15 limited partners, all being Independent Third Parties, and none of them holds 30% or more of the partnership interests in Jiyuan Haoyue and Jiyuan Haoyuan, respectively.

(12) Future Energy Fund

Beijing Future Science City Advanced Energy and Intelligent Manufacturing Industry Equity Investment Fund (Limited Partnership) (北京未來科學城先進能源和智慧製造產業股權投資基金(有限合夥)) (“**Future Energy Fund**”) is a limited partnership established and registered in the PRC. As of the Latest Practicable Date, the general partner of Future Energy Fund is Beijing Changke Zhiheng Management Consulting Co., Ltd. (北京昌科知衡管理諮詢有限公司), holding 0.2% of its partnership interests, with Beijing Changxin Kairui Investment Co., Ltd. (北京昌鑫科睿投資有限公司) holding 80% of its partnership interests. Beijing Changke Zhiheng Management Consulting Co., Ltd. (北京昌科知衡管理諮詢有限公司) is held as to 70% by Beijing Changke Jin Investment Co., Ltd. (北京昌科金投資有限公司) and as to 30% by Tianjin Zhixing Venture Capital Management Partnership (Limited Partnership) (天津知行創業投資管理合夥企業(有限合夥)). Beijing Changke Jin Investment Co., Ltd. (北京昌科金投資有限公司) is indirectly wholly owned by State-owned Assets Supervision and Administration Commission of the People’s Government of Changping District, Beijing (北京市昌平區人民政府國有資產監督管理委員會). Tianjin Zhixing Venture Capital Management Partnership (Limited Partnership) 天津知行創業投資管理合夥企業(有限合夥) is owned as to 50% by Mr. Guo Shuang (郭爽), with no other shareholder holding 30% or more shareholding interests.

(13) Ningbo Youliang

Ningbo Youliang Entrepreneurship Investment Partnership Enterprise (Limited Partnership) (寧波佑亮創業投資合夥企業(有限合夥)) (“**Ningbo Youliang**”) is a limited partnership established and registered in the PRC. As of the Latest Practicable Date, the general partner of Ningbo Youliang is Ningbo Zhenyi Venture Capital Partnership (Limited Partnership) (寧波真逸創業投資合夥企業(有限合夥)), holding 0.2849% of the partnership interests with no other limited partner holding 30% or more of its partnership interest. Ningbo Youliang is ultimately controlled by Mr. Cai Dekai (蔡德開).

(14) Tianjin Taibo

Tianjin Taibo Venture Capital Fund Partnership Enterprise (Limited Partnership) (天津泰博創業投資基金合夥企業(有限合夥)) (“**Tianjin Taibo**”) is a limited partnership established and registered in the PRC. As of the Latest Practicable Date, the general partner of Tianjin Taibo is Tianjin Shanhe Enterprise Management Co., Ltd. (天津杉禾企業管理有限公司). Tianjin Taibo has nine limited partners, with Kang Le (康樂) holding 34.65% of the partnership interests and no other limited partner holding more than 30% partnership interests. Tianjin Taibo is ultimately controlled by Kang Le (康樂), through his 99% equity interests in Tianjin Shanhe Enterprise Management Co., Ltd. (天津杉禾企業管理有限公司), the general partner of Tianjin Taibo.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

(15) SH Jiliuling

Shanghai Ji Liu Ling Qingsong Venture Capital Partnership (Limited Partnership) (上海吉六零擎松創業投資合夥企業(有限合夥)) (“**SH Jiliuling**”) is a limited partnership established and registered in the PRC. As of the Latest Practicable Date, the general partner of SH Jiliuling is Shanghai Jiliuling Private Equity Fund Management Co., Ltd. (上海吉六零私募基金管理有限公司), holding 0.9950% of the partnership interest, with four limited partners, all of which is indirectly wholly owned by the State-owned Assets Supervision and Administration Commission of the People’s Government of Songjiang District, Shanghai (上海市松江區人民政府國有資產監督管理委員會).

(16) SH Songjiang

Shanghai Songjiang Xinqiao Asset Management Co., Ltd. (上海松江新橋資產經營有限公司) (“**SH Songjiang**”) is a limited company established and registered in the PRC. As of the Latest Practicable Date, SH Songjiang is owned as to 99% by Xinqiao Economic Cooperative of Songjiang District, Shanghai (上海市松江區新橋經濟聯合社). Xinqiao Economic Cooperative of Songjiang District, Shanghai (上海市松江區新橋經濟聯合社) is a rural collective economic organization.

(17) Lu Feng

Mr. Lu Feng is an individual investor. Mr. Lu Feng has been engaged in the battery manufacturing industry in the Jiangsu district for over a decade and is active in pursuing investment opportunities along the energy industry. Mr. Lu Feng is the executive director and legal representative of Nantong Dingxin Battery Co., Ltd. (南通鼎鑫電池有限公司), a company engaged in the research and development of battery.

OUR EMPLOYEE SHAREHOLDING PLATFORMS

For the purpose of motivating the Group’s employees and effectively aligning the interests of Shareholders and the Group, Shanghai Tuxin, Meisheng Gongjin and Meisheng Gongmou were established as limited partnerships in the PRC as our Employee Shareholding Platforms. As of the Latest Practicable Date, Shanghai Tuxin held 2,202,630 Shares, representing 17.11% of the total issued Shares, with Ms. Wei as its executive management partner, Dr. Yan, Meisheng Gongjin, Meisheng Gongmou and four other individuals as its limited partners. For details, see Statutory and General Information — D. [REDACTED] Share Incentive Plans in Appendix VI to this document.

CONCERT PARTY DEED

On June 18, 2020, Ms. Wei and Dr. Yan entered into the Concert Party Deed, pursuant to which, when exercising their respective shareholders rights in shareholders’ meetings and Board meetings, it was agreed that Ms. Wei and Dr. Yan shall act in complete concert in daily management of the Company and exercise of voting rights in as a shareholder and as a director. See “Relationship with our Controlling Shareholders” of this Document for the details of the voting rights of Ms. Wei and Dr. Yan.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

SHAREHOLDING OF OUR COMPANY

The following table sets forth our shareholding structure as of the Latest Practicable Date and immediately upon completion of the Share Subdivision, the [REDACTED] of Domestic Shares into H Shares and the [REDACTED] (assuming the [REDACTED] is not exercised):

Name of Shareholder	As of the Latest Practicable Date			Immediately after the completion of the Share Subdivision and the [REDACTED] (assuming the [REDACTED] is not exercised)		
	Number of Shares	Description of Shares	Approximate Ownership Percentage	Number of Shares	Description of Shares	Approximate Ownership Percentage
The Controlling Shareholders Group	5,204,394	Domestic Shares	40.43%	[REDACTED]	[REDACTED]	[REDACTED]
<i>Ms. Wei</i>	<i>1,863,382</i>	<i>Domestic Shares</i>	<i>14.48%</i>	[REDACTED]	[REDACTED]	[REDACTED]
<i>Dr. Yan</i>	<i>1,138,382</i>	<i>Domestic Shares</i>	<i>8.84%</i>	[REDACTED]	[REDACTED]	[REDACTED]
<i>Shanghai Tuxin</i> . .	<i>2,202,630</i>	<i>Domestic Shares</i>	<i>17.11%</i>	[REDACTED]	[REDACTED]	[REDACTED]
SH Inno ⁽¹⁾	395,514	Domestic Shares	3.07%	[REDACTED]	[REDACTED]	[REDACTED]
SZ Inno ⁽¹⁾	104,609	Domestic Shares	0.81%	[REDACTED]	[REDACTED]	[REDACTED]
HKX ⁽¹⁾	551,764	Domestic Shares	4.29%	[REDACTED]	[REDACTED]	[REDACTED]
Suzhou Yuanming ⁽¹⁾	532,193	Domestic Shares	4.13%	[REDACTED]	[REDACTED]	[REDACTED]
The Legend Capital Entities .	2,421,414	Domestic Shares	18.81%	[REDACTED]	[REDACTED]	[REDACTED]
<i>BJ Junlian</i>	<i>251,211</i>	<i>Domestic Shares</i>	<i>1.95%</i>	[REDACTED]	[REDACTED]	[REDACTED]
<i>SH Junlian</i>	<i>502,324</i>	<i>Domestic Shares</i>	<i>3.90%</i>	[REDACTED]	[REDACTED]	[REDACTED]
<i>Suzhou Junlian</i> . .	<i>1,667,879</i>	<i>Domestic Shares</i>	<i>12.96%</i>	[REDACTED]	[REDACTED]	[REDACTED]
The CTF Entities⁽¹⁾	703,070	Domestic Shares	5.46%	[REDACTED]	[REDACTED]	[REDACTED]
<i>SBL</i>	<i>373,506</i>	<i>Domestic Shares</i>	<i>2.90%</i>	[REDACTED]	[REDACTED]	[REDACTED]
<i>Xiamen Creo</i> . . .	<i>329,564</i>	<i>Domestic Shares</i>	<i>2.56%</i>	[REDACTED]	[REDACTED]	[REDACTED]
<i>Tianjin Taibo⁽¹⁾</i> . . .	<i>97,589</i>	<i>Domestic Shares</i>	<i>0.76%</i>	[REDACTED]	[REDACTED]	[REDACTED]
<i>Ningbo Youliang⁽¹⁾</i> .	<i>102,355</i>	<i>Domestic Shares</i>	<i>0.80%</i>	[REDACTED]	[REDACTED]	[REDACTED]
<i>Xi'an Haiying⁽¹⁾</i> . . .	<i>146,121</i>	<i>Domestic Shares</i>	<i>1.14%</i>	[REDACTED]	[REDACTED]	[REDACTED]
The Jiyuan Entities⁽¹⁾	578,505	Domestic Shares	4.49%	[REDACTED]	[REDACTED]	[REDACTED]
<i>Jiyuan Haoyuan</i> .	<i>246,328</i>	<i>Domestic Shares</i>	<i>1.91%</i>	[REDACTED]	[REDACTED]	[REDACTED]
<i>Jiyuan Haoyue</i> . .	<i>332,177</i>	<i>Domestic Shares</i>	<i>2.58%</i>	[REDACTED]	[REDACTED]	[REDACTED]
National Green Development Fund ⁽¹⁾	791,940	Domestic Shares	6.15%	[REDACTED]	[REDACTED]	[REDACTED]

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Name of Shareholder	As of the Latest Practicable Date			Immediately after the completion of the Share Subdivision and the [REDACTED] (assuming the [REDACTED] is not exercised)		
	Number of Shares	Description of Shares	Approximate Ownership Percentage	Number of Shares	Description of Shares	Approximate Ownership Percentage
Green Energy Fund ⁽¹⁾	593,955	Domestic Shares	4.61%	[REDACTED]	[REDACTED]	[REDACTED]
Future Energy Fund ⁽¹⁾	118,790	Domestic Shares	0.92%	[REDACTED]	[REDACTED]	[REDACTED]
Inno LPF ⁽¹⁾	51,641	Domestic Shares	0.40%	[REDACTED]	[REDACTED]	[REDACTED]
SH Jiliuling ⁽¹⁾	106,233	Domestic Shares	0.83%	[REDACTED]	[REDACTED]	[REDACTED]
SH Songjiang ⁽¹⁾	35,411	Domestic Shares	0.28%	[REDACTED]	[REDACTED]	[REDACTED]
Lu Feng ⁽¹⁾	336,405	Domestic Shares	2.61%	[REDACTED]	[REDACTED]	[REDACTED]
Other investors taking part in the [REDACTED]	—	—	—	[REDACTED]	[REDACTED]	[REDACTED]
Total	12,871,903	Domestic Shares	100.00%	[REDACTED]	Shares	[REDACTED]

Notes:

- (1) These H Shares are counted towards public float upon [REDACTED].
- (2) Any discrepancies between totals and sums of the percentage figures listed herein are due to rounding adjustments.

FULL CIRCULATION

Our Company [has applied] for H Share full circulation to [REDACTED] an aggregate of [REDACTED] Domestic Shares held by [REDACTED] existing Shareholders, representing approximately [REDACTED]% of the total issued Shares of our Company as of the Latest Practicable Date (assuming the Share Subdivision is completed) and approximately [REDACTED]% of the total issued Shares of our Company upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised). For details, see “Share Capital — Upon Completion of the [REDACTED]”.

PUBLIC FLOAT

Pursuant to Rule 8.08(1) of the Listing Rules, assuming that the [REDACTED] is not exercised, (i) based on an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the low-end of the indicative [REDACTED] range), our expected market capitalization upon the [REDACTED] is HK\$[REDACTED], and the minimum prescribed public float percentage applicable to our Shares is 25% under Rule 19A.13A(1) of the Listing Rules; (ii) based on an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the indicative [REDACTED] range), our expected market capitalization upon the [REDACTED] is HK\$[REDACTED], and the minimum prescribed public float percentage applicable to our Shares is 15% under Rule 19A.13A(1) of the Listing Rules; and (iii) based on an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the high end of the indicative [REDACTED] range), our expected market capitalization upon the [REDACTED] is HK\$[REDACTED], and the minimum prescribed public float percentage applicable to our Shares is 15% under Rule 19A.13A(1) of the Listing Rules.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Immediately upon completion of the [REDACTED] of Domestic Shares into H Shares, the Share Subdivision and the [REDACTED] (assuming the [REDACTED] is not exercised), the Company will have [REDACTED] Domestic Shares and [REDACTED] H Shares, among which:

- (i) the [REDACTED] Domestic Shares, representing approximately [REDACTED]% of our total issued Shares upon [REDACTED] (assuming the [REDACTED] is not exercised) will not be considered as part of the public float as such Domestic Shares will not be [REDACTED] into H Shares; and
- (ii) among the [REDACTED] H Shares, (a) [REDACTED] H Shares, representing approximately [REDACTED]% of our total issued Shares upon [REDACTED] (assuming the [REDACTED] is not exercised) and (b) [REDACTED] H Shares, representing approximately [REDACTED]% of our total issued Shares upon [REDACTED] (assuming the [REDACTED] is not exercised) will not be counted towards the public float of our Company according to Rule 8.08 of the Listing Rules, as such H Shares are held by the Controlling Shareholders Group and the Legend Capital Entities, the core connected persons of our Company, respectively.

Based on the above, it is expected that immediately following completion of the [REDACTED] (assuming the [REDACTED] is not exercised), a total of [REDACTED] H Shares, representing [REDACTED]% of our total issued share capital upon the completion of the [REDACTED] (assuming the [REDACTED] is not exercised) will be counted as part of the public float, which is higher than the prescribed percentage of H Shares required to be held in public hands under Rule 19A.13A(1) of the Listing Rules, and therefore our Company will satisfy the public float requirements at the time of [REDACTED].

FREE FLOAT

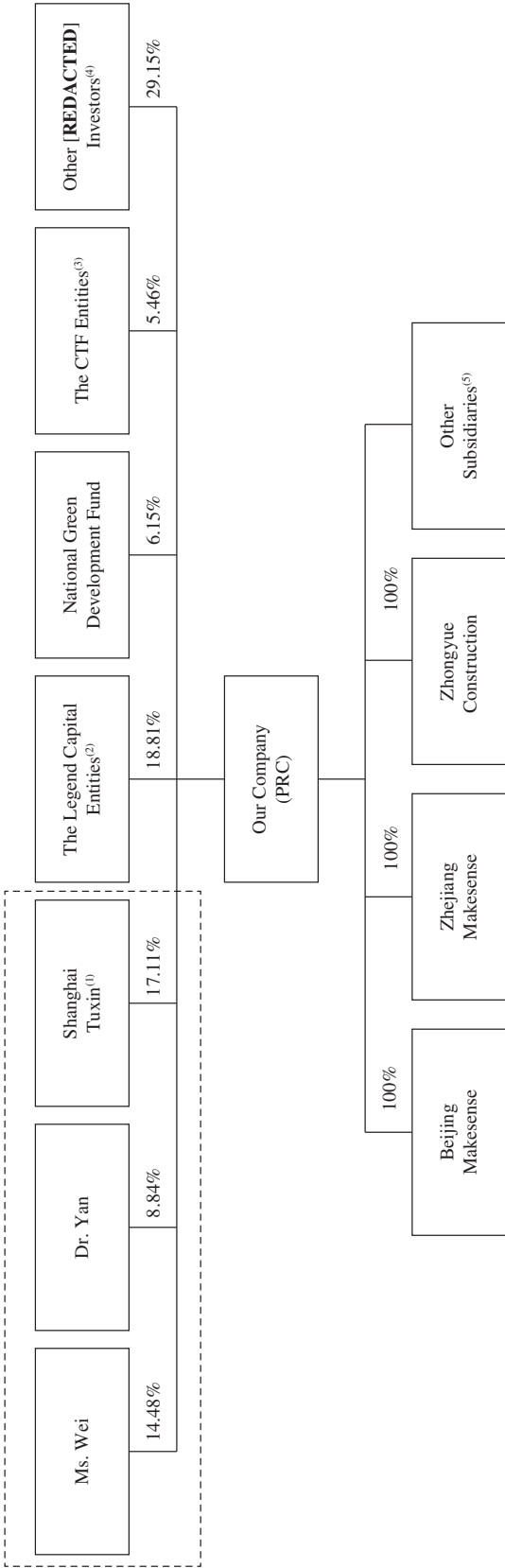
Rule 19A.13C of the Listing Rules provides that, where a new applicant is a PRC issuer with no other listed shares at the time of [REDACTED], this will normally mean that the portion of H shares for which [REDACTED] is sought that are held by the public and not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise), at the time of [REDACTED], must: (a) represent at least 10% of the total number of issued shares in the class to which H shares belong at the time of [REDACTED] (excluding treasury shares), with an expected market value at the time of [REDACTED] of not less than HK\$50,000,000; or (b) have an expected market value at the time of [REDACTED] of not less than HK\$600,000,000. The Company will satisfy the free float requirement under Rule 8.08A (as amended and replaced by Rule 19A.13C) of the Listing Rules.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

CORPORATE STRUCTURE

Corporate Structure immediately prior to the completion of the [REDACTED]

The following chart sets forth our simplified shareholding structure immediately prior to the completion of the Share Subdivision and the [REDACTED]:



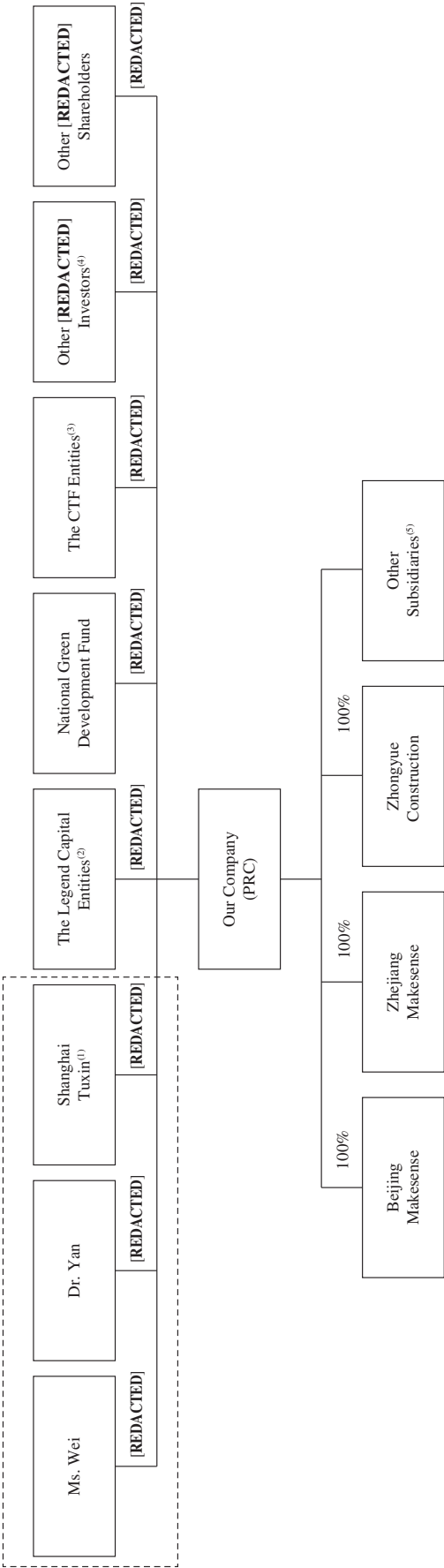
Notes:

- (1) Shanghai Tuxin is a platform established for the purpose of implementation of our [REDACTED] Share Incentive Plans. As of the Latest Practicable Date, it is ultimately controlled by Ms. Wei, its executive management partner.
- (2) The Legend Capital Entities comprise Suzhou Junlian, SH Junlian and BJ Junlian, which as of the Latest Practicable Date are all controlled by Legend Capital, a private equity fund ultimately controlled by Mr. Chen Hao, an Independent Third Party. For further details, see “— [REDACTED] Investments — 4. Information relating to our [REDACTED] Investors” in this section above.
- (3) The CTF Entities comprise SBL and Xiamen Creo, which as of the Latest Practicable Date are the indirect wholly owned subsidiaries of CTF Services Limited, a company whose shares are listed on the Stock Exchange (Stock Code: 0659 HK), whose controlling shareholders, according to publicly available information, are Cheng Yu Tung Family (Holdings) Limited and Cheng Yu Tung Family (Holdings II) Limited. For further details, see “— [REDACTED] Investments — 4. Information relating to our [REDACTED] Investors” in this section above.
- (4) As of the Latest Practicable Date, none of the other [REDACTED] Investors individually held more than 5.00% of the issued Shares.
- (5) As of the Latest Practicable Date, other subsidiaries of our Group include 153 limited liabilities companies established in the PRC, which are primarily our project companies and individually did not make material contribution to our results of operations during the Track Record Period.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Corporate Structure immediately following the completion of the [REDACTED]

The following chart sets forth our simplified shareholding structure immediately following the completion of the Share Subdivision and the [REDACTED] (assuming the [REDACTED] is not exercised):



For notes (1) — (5): Please see “Corporate Structure immediately prior to the completion of the [REDACTED].”

REGULATORY OVERVIEW

The following provides an overview of the major PRC laws, regulations, and rules relevant to our business. It is not a comprehensive summary of all laws and regulations applicable to us.

PRC LAWS AND REGULATIONS ON ELECTRICITY INDUSTRY

Guiding Opinions on Accelerating the Construction of a Unified National Electricity Market System

Guiding Opinions on Accelerating the Construction of a Unified National Electricity Market System (《關於加快建設全國統一電力市場體系的指導意見》) was issued by the NDRC and the National Energy Administration on January 18, 2022. The document calls for accelerating the development of a unified national electricity market system, with the goal of establishing an electricity market that is open and unified, competitive and orderly, safe and efficient, and well-governed. It requires the coordinated advancement of medium- and long-term electricity markets, spot markets, ancillary services markets, and retail electricity markets, with the gradual objective of achieving integration between provincial and inter-provincial markets, coordination between wholesale and retail markets, and harmonized operation across various trading products. The document also puts forward the need to refine market trading and pricing mechanisms suited to a modern power system, promote the optimized allocation of electricity resources across a broader geographic scope, and establish an overarching institutional framework for VPP, load aggregators, energy storage, and other emerging market participants to engage in market-based trading.

Basic Rules for the Operation of the Electric Power Market

Pursuant to the Basic Rules for the Operation of the Electric Power Market (《電力市場運行基本規則》) promulgated by the NDRC on April 25, 2024 and implemented on July 1, 2024, the term “members of the electric power market” refers to the business entities, the operators of the electric power market, and the power grid enterprises that provide power transmission and distribution services, among others. In particular, business entities include the enterprises generating electricity, enterprises selling electricity, electricity users, and new business entities (including enterprises engaging in the energy storage, VPP, and load aggregators) that participate in the electric power market transactions. The construction of the technical supporting system of the electric power market must comply with the requirements of the prescribed performance indicators and have the functions of energy management, transaction management, measurement of power energy, settlement system, contract management, quotation processing, market analysis and forecast, trading information, and regulatory system.

Basic Rules for the Electricity Spot Market (Trial)

Basic Rules for the Electricity Spot Market (Trial) (電力現貨市場基本規則(試行)) was issued by the NDRC and the National Energy Administration in September 2023. The rules define the fundamental positioning of the electricity spot market, identifying it as an important market for discovering real-time electricity prices, reflecting changes in electricity supply and demand as well as system operating conditions, and promoting the optimized allocation of electricity resources. The rules set out systematic provisions governing the organization of the spot market, trading sequencing, bid submission and clearing mechanisms, price formation principles, settlement arrangements, market power monitoring, and risk prevention and control. They also establish the basic institutional arrangements for key trading stages, including the day-ahead market and the real-time market.

Notice on Comprehensively Accelerating the Development of Electricity Spot Markets

Notice on Comprehensively Accelerating the Development of Electricity Spot Markets (《關於全面加快電力現貨市場建設工作的通知》) was issued by the General Office of the NDRC and the National Energy Administration on April 16, 2025. The notice calls for further accelerating the development of electricity spot markets, requiring that substantially full national coverage of electricity spot markets be achieved and continuous settlement operations be fully launched by the end of 2025. The notice also sets out a timeline for trial operation, continuous settlement operation, and transition to formal operation of spot markets in relevant provinces, and specifies the procedures required for transitioning to formal

REGULATORY OVERVIEW

operation — including continuous operation, third-party evaluation, provincial government approval, and filing — with a view to promoting the alignment of spot market rules and the strengthening of institutional frameworks across different regions.

Basic Rules for the Medium- and Long-Term Electricity Market

Basic Rules for the Medium- and Long-Term Electricity Market (《電力中長期市場基本規則》) was issued by the NDRC and the National Energy Administration on December 17, 2025. The rules further refine the mechanisms governing medium- and long-term market trading organization, trading products, contract management, contract performance management, deviation handling, and risk control, and strengthen the linkage between the medium- and long-term market and the spot market. The rules set out provisions on market participants entering into and executing medium- and long-term contracts, conducting annual, monthly, and shorter-cycle trading, and managing contract delivery curves and performance deviations, thereby providing a unified institutional basis for various types of market participants to engage in medium- and long-term electricity trading.

Basic Rules for the Electricity Ancillary Services Market

Basic Rules for the Electricity Ancillary Services Market (《電力輔助服務市場基本規則》) was issued by the NDRC and the National Energy Administration on April 3, 2025. The rules define the market membership, trading products, organizational structure, and settlement arrangements for the electricity ancillary services market, and clarify that new-type market participants are eligible to participate in the ancillary services market. The rules also set out provisions on the market organization, bid submission and dispatch, assessment and settlement, and coordination with the energy market for ancillary services including peak regulation, frequency regulation, reserve, ramp, and black start, thereby providing a unified set of foundational rules for flexible resources such as energy storage, VPP, and adjustable loads to participate in ancillary services trading.

Guiding Opinions of the National Energy Administration on Supporting the Innovative Development of New-Type Market Participants in the Electricity Sector

Guiding Opinions of the National Energy Administration on Supporting the Innovative Development of New-Type Market Participants in the Electricity Sector (《國家能源局關於支持電力領域新型經營主體創新發展的指導意見》) was issued by the National Energy Administration on November 28, 2024. The document supports the innovative development of new-type market participants such as resource aggregators and technology service providers, and encourages VPP to aggregate distributed generation, energy storage, adjustable loads, and other resources to participate in power system operations and electricity market trading. The document sets out arrangements covering the market positioning, development direction, market participation mechanisms, metering and settlement, information disclosure, and technical support conditions applicable to new-type market participants, and specifies that relevant market access and management mechanisms will be refined where the prescribed conditions are met.

Guiding Opinions on Accelerating the Development of Virtual Power Plants

Guiding Opinions on Accelerating the Development of Virtual Power Plants (《關於加快推進虛擬電廠發展的指導意見》) was issued and came into effect on March 25, 2025, jointly promulgated by the NDRC and the National Energy Administration. The document defines VPP as a new type of resource-aggregating market participant that aggregates distributed generation, adjustable loads, energy storage, and other resources and coordinates their optimized control. It sets targets for national VPP regulating capacity to reach 20 million kW or above by 2027 and 50 million kW or above by 2030. The document further clarifies that VPP may participate in medium- and long-term markets, spot markets, and ancillary services markets as independent market participants, and that VPP engaging in electricity purchasing and selling activities in the medium- and long-term markets and spot markets must hold retail electricity company qualifications. It also sets out requirements relating to duplicate resource aggregation, connection to dispatch systems or load management systems, cybersecurity, data security, and operational management.

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Notice on Promoting the Grid Connection and Dispatch Utilization of New-Type Energy Storage

Notice on Promoting the Grid Connection and Dispatch Utilization of New-Type Energy Storage (《關於促進新型儲能併網和調度運用的通知》) was issued by the National Energy Administration on April 2, 2024. The notice further refines the requirements governing grid connection and integration, dispatch and utilization, operational management, and safety for new-type energy storage, with a view to enabling new-type energy storage to better fulfill its role in system regulation. The notice also sets out requirements for new-type energy storage projects in respect of system integration, performance testing, dispatch management, information reporting, and safe operation, so as to promote the standardized grid connection and efficient utilization of new-type energy storage.

Notice on Deepening Market-Oriented Reform of New Energy Feed-in Tariffs to Promote High-Quality Development of New Energy jointly issued by the NDRC and the National Energy Administration

On January 27, 2025, the NDRC and the National Energy Administration jointly issued the Notice on Deepening Market-Oriented Reform of New Energy Feed-in Tariffs to Promote High-Quality Development of New Energy (《國家發展改革委國家能源局關於深化新能源上網電價市場化改革促進新能源高質量發展的通知》) (No. 136 [2025] of the NDRC Price Department), clarifying the comprehensive market-oriented reform pathway for new energy feed-in tariffs. The reform primarily consists of three aspects. Firstly, it promotes the complete market formation of new energy feed-in tariffs. In principle, all electricity generated by new energy projects will enter the power market, with feed-in tariffs formed through market transactions. Secondly, it establishes a price settlement mechanism that supports the sustainable development of new energy. After new energy participates in market transactions, a sustainable development price settlement mechanism will be established at the settlement stage, with electricity included in the mechanism settled according to the mechanism tariff. Thirdly, it differentiates between existing and new projects to implement category-specific measures. The mechanism tariff for existing projects will be properly aligned with current policies, while the mechanism tariff for new projects will be determined through market-based competitive bidding.

Zhejiang Electricity Spot Market Rules

Zhejiang Electricity Spot Market Rules (《浙江電力現貨市場規則》) was issued by the Zhejiang Energy Regulatory Office of National Energy Administration of the People’s Republic of China, the Zhejiang Provincial Development and Reform Commission, and the Zhejiang Provincial Energy Bureau on April 3, 2024. The rules set out systematic provisions covering market membership, market composition, market pricing, market price caps and floors, the day-ahead energy market, the real-time energy market, risk prevention and control, the ancillary services market, market linkage, metering and settlement, market power monitoring, market dispute resolution, market intervention, and information disclosure. Serving as the foundational regulatory document for the operation of the Zhejiang electricity spot market, the rules provide the institutional basis for the trial operation, settlement operation, and formal operation of the Zhejiang spot market.

Zhejiang Implementing Rules for Medium- and Long-Term Electricity Trading

Zhejiang Implementing Rules for Medium- and Long-Term Electricity Trading (《浙江電力中長期交易實施細則》) was formally issued on February 24, 2026, following review and approval by the Zhejiang Energy Regulatory Office of National Energy Administration of the People’s Republic of China, the Zhejiang Provincial Development and Reform Commission, and the Zhejiang Provincial Energy Bureau. The rules set out provisions primarily governing trading units, trading products, trading cycles, trading modalities, reference load curves, trading prices, traded volume constraints, trading organization, and contract execution in the context of Zhejiang medium- and long-term electricity trading. The rules further elaborate on the corresponding trading unit configurations and traded volume constraint arrangements as applicable to different types of market participants, including generation enterprises, retail electricity companies, and wholesale electricity users.

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Anhui Medium- and Long-Term Electricity Trading Rules

Anhui Medium- and Long-Term Electricity Trading Rules (《安徽電力中長期交易規則》) was jointly issued by the East China Energy Regulatory Bureau of the National Energy Administration and the Anhui Provincial Energy Bureau on January 23, 2025. The rules set out provisions governing market membership, market registration, trading products and trading modalities, pricing mechanisms, trading organization, contract execution and performance, deviation settlement, metering and settlement, information disclosure, and market monitoring and risk prevention and control in the context of Anhui medium- and long-term electricity trading. The rules also clarify that the Anhui medium- and long-term market will ensure proper coordination with the Anhui electricity spot market. The rules provide the institutional basis for generation enterprises, retail electricity companies, electricity users, and other market participants to engage in electricity trading in Anhui.

Jiangsu Provincial Implementing Rules for the Medium- and Long-Term Electricity Market (2026 Edition)

Jiangsu Provincial Implementing Rules for the Medium- and Long-Term Electricity Market (2026 Edition) (《江蘇省電力中長期市場實施細則(2026年版)》) was revised and issued by the Jiangsu Regulatory Office of National Energy Administration of the People’s Republic of China together with the Jiangsu Provincial Development and Reform Commission, and took effect on March 1, 2026. The rules were revised on the basis of the Basic Rules for the Medium- and Long-Term Electricity Market issued by the NDRC and the National Energy Administration, incorporating improvements in respect of market membership, trading organization, pricing mechanisms, and metering and settlement. The rules also clarify market entry requirements for new-type market participants, refine green electricity trading rules, promote effective coordination with the spot market, elaborate on aggregation rules for distributed renewable energy sources and VPP, specify trading declaration limits, and establish risk prevention and control mechanisms including a performance warning system and a trading suspension regime.

Recommendations of the Central Committee of the Communist Party of China for Formulating the 15th Five-Year Plan for National Economic and Social Development

The Recommendations of the Central Committee of the Communist Party of China for Formulating the 15th Five-Year Plan for National Economic and Social Development (《中共中央關於制定國民經濟和社會發展第十五個五年規劃的建議》), released on 23 October 2025, proposes to accelerate the construction of a new-type energy system. It aims to (i) continually increase the proportion of new energy supply, promote the safe, reliable, and orderly replacement of fossil energy, focus on building a new-type power system, and build a strong energy country, (ii) adhere to the simultaneous development of multiple energy sources such as wind, solar, hydro, and nuclear power, coordinate local consumption and external transmission, and promote the high-quality development of clean energy, (iii) strengthen the clean and efficient use of fossil energy, and promote the upgrading and transformation of coal-fired power plants and the replacement of scattered coal, (iv) comprehensively enhance the level of complementarity, mutual support, safety, and resilience of the power system, scientifically deploy pumped storage, vigorously develop new energy storage, and accelerate the construction of smart grids and microgrids, (v) increase the level of electrification in end-use energy consumption and promote green and low-carbon energy consumption, and (vi) accelerate the improvement of market and price mechanisms adapted to the new-type energy system.

Blue Book on the Development of a New-Type Power System

The National Energy Administration issued and implemented the Blue Book on the Development of a New-Type Power System (《新型電力系統發展藍皮書》) on June 2, 2023, which proposes the overall architecture and key tasks for building a new-type power system. It defines the new-type power system as one that, in the new era, ensures energy and power security as its fundamental premise, meets the electricity demands of high-quality economic and social development as its primary objective, focuses on building a high-proportion new energy supply and consumption system as its core task, relies on multi-directional coordination and flexible interaction among sources, grids, loads, and storage as its

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strong support, utilizes a robust, smart, and flexible grid as its hub platform, and is underpinned by technological and institutional innovation as its foundational guarantee. Its key tasks include strengthening the construction of four major systems: the power supply support system, the new energy development and utilization system, the large-scale layout and application system for energy storage, and the intelligent operation system for the power system.

Action Plan for High-Quality Development of Distribution Networks (2024-2027)

The Action Plan for High-Quality Development of Distribution Networks (2024-2027) (《配電網高質量發展行動實施方案(2024-2027年)》), issued and implemented by the National Energy Administration on August 2, 2024, proposes to (i) closely follow the requirements for building a new-type power system, accelerate the promotion of a batch of distribution grid construction and transformation tasks, address the shortcomings in the safe and reliable power supply of distribution grids and their ability to cope with extreme disasters, enhance the intelligent level of distribution grids, and meet the requirements for the large-scale development of distributed new energy and electric vehicle charging facilities; (ii) strengthen the overall planning of distribution grids, enhance whole-process management, and comprehensively improve the service guarantee capacity of distribution grids; (iii) formulate and revise a batch of standards for distribution grid planning and design, construction and operation, and equipment access, and continually improve the operating efficiency of distribution grids; and (iv) establish an indicator evaluation system for distribution grid development, scientifically assess the development of distribution grids, so as to promote the high-quality development of distribution grids and accelerate the construction of a new development pattern.

Special Action Plan for Large-Scale Construction of New Energy Storage (2025-2027)

The NDRC and the National Energy Administration issued the Special Action Plan for Large-Scale Construction of New Energy Storage (2025-2027) (《新型儲能規模化建設專項行動方案(2025-2027年)》) on August 27, 2025, which clarifies the main goals, including that by 2027, the national installed capacity of new energy storage will reach over 180 million kW, driving direct project investment of approximately RMB250 billion; and proposes multiple measures such as advancing the application of generation-side energy storage and expanding the application of grid-side energy storage.

PRC Electric Power Law

The Standing Committee of the National People’s Congress promulgated the PRC Electric Power Law (《中華人民共和國電力法》) on December 28, 1995, which was most recently amended and implemented on December 29, 2018. The Electricity Law applies to activities concerning the construction, generation, supply, and use of electric power within China, aiming to ensure and promote the development of the electric power industry, safeguard the legitimate rights and interests of electricity investors, operators, and users, and ensure the safe operation of electricity system. The Electricity Law covers matters such as power construction, power generation and grid management, power supply and use, electricity prices and tariffs, rural power construction and agricultural electricity use, protection of power facilities, supervision and inspection, and legal liabilities.

Measures for the Supervision of the Electric Power Market

The NDRC most recently amended the Measures for the Supervision of the Electric Power Market (《電力市場監管辦法》) on April 12, 2024, which took effect on June 1, 2024, aiming to maintain order in the electricity market and ensure its unity, openness, competitiveness, and orderliness. These measures apply to the supervision of the electricity market within China. According to these measures, the National Energy Administration of performs the duties of nationwide electricity market supervision, and its dispatched agencies are responsible for the supervision of the electricity market within their respective jurisdictions. The subjects of electricity market supervision are electricity market participants, including electricity trading entities, electricity market operating agencies, and power grid enterprises that provide transmission and distribution services.

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PRC Energy Law

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

Measures for the Administration of Licenses for Installation (Repair, Testing) of Electric Power Facilities (2025)

According to the Measures for the Administration of Licenses for Installation (Repair, Testing) of Electric Power Facilities (2025) (《承裝(修、試)電力設施許可證管理辦法 (2025)》), most recently amended by the NDRC on April 11, 2025 and implemented from July 1, 2025, the installation, repair, and testing of power facilities refer to the installation, maintenance, and testing of power transmission (including booster stations for power generation projects and outgoing lines), power supply, and power receiving facilities. These measures apply to the application, acceptance, examination, issuance, administration, and supervision of licenses for the installation (repair, testing) of power facilities. These measures stipulate that the National Energy Administration is responsible for guiding and supervising the issuance and administration of licenses nationwide, and its dispatched agencies are responsible for the acceptance, examination, issuance, and daily supervision and administration of licenses within their jurisdictions. Anyone engaged in the installation, repair, and testing of power facilities within China must obtain a license in accordance with the provisions of these measures.

PRC LAWS AND REGULATIONS ON FOREIGN INVESTMENT

PRC Company Law

The Company Law of the People’s Republic of China was promulgated by the Standing Committee of the National People’s Congress on December 29, 1993, which was last amended on December 29, 2023 and effective on July 1, 2024. According to the Company Law of the People’s Republic of China, companies are generally divided into two categories, namely, limited liability companies and joint stock limited companies. It also applies to foreign-invested joint stock companies. According to the Company Law, if the laws on foreign investment provide otherwise, such provisions will apply.

PRC Foreign Investment Law and Implementation Regulations for the Foreign Investment Law

The PRC Foreign Investment Law (《中華人民共和國外商投資法》) was promulgated by the National People’s Congress on March 15, 2019, which took effect on January 1, 2020. The Implementation Regulations for the PRC Foreign Investment Law (《中華人民共和國外商投資法實施條例》) was promulgated by the State Council on December 26, 2019, which took effect on January 1, 2020. The aforementioned laws and regulations establish principles and measures aiming at encouraging foreign investment, and explicitly stipulate that China provides legal protection for the investments, profits, and other lawful rights and interests of foreign investors in China.

Special Administrative Measures (Negative List) for Foreign Investment Access (Edition 2024)

The Special Administrative Measures (Negative List) for Foreign Investment Access (2024 Edition) was issued by Ministry of Commerce of the People’s Republic of China and NDRC on September 6, 2024 and effective on November 1, 2024. The Special Administrative Measures (Negative List) for Foreign Investment Access (2024 Edition) uniformly lists restrictive measures for foreign investment access such as equity percentage and executive requirements, as well as industries prohibited from foreign investment.

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Measures for the Administration of Overseas Investment

According to the Measures for the Administration of Overseas Investment (《境外投資管理辦法》), promulgated by the Ministry of Commerce on September 6, 2014 and effective from October 6, 2014, the Ministry of Commerce and provincial-level competent commercial authorities will manage the outbound investments of enterprises through filing or confirmation, depending on the actual circumstances of the investment. Outbound investments involving sensitive countries or regions and sensitive industries are subject to approval-based management. Outbound investments in other circumstances are subject to filing-based management.

Measures for the Administration of Overseas Investment of Enterprises

According to the Measures for the Administration of Overseas Investment of Enterprises (《企業境外投資管理辦法》), promulgated by the NDRC on December 26, 2017 and effective from March 1, 2018, for investment activities where Chinese enterprises directly or indirectly control the ownership, controlling rights, management rights, or other related equity of their overseas enterprises through means such as investing assets and equity or providing financing guarantees, an application for approval or filing must be submitted to the NDRC in accordance with the relevant conditions for outbound investment projects. Outbound investment projects involving sensitive countries and regions or sensitive industries are subject to approval management by the NDRC, while non-sensitive outbound investment projects are subject to filing-based management. For non-sensitive projects of US\$300 million or more implemented by overseas enterprises invested in or controlled by local enterprises in China, the investors must file with the NDRC. For non-sensitive outbound investment projects by Chinese investors with an investment amount of less than US\$300 million (exclusive of US\$300 million), filing must be made with the provincial-level development and reform commissions.

Catalog of Industries for Encouraging Foreign Investment (2025 Edition)

The Catalog of Industries for Encouraging Foreign Investment (2025 Edition) (《鼓勵外商投資產業目錄(2025年版)》), which was jointly amended by the NDRC and the Ministry of Commerce on December 15, 2025 and took effect on February 1, 2026, lists the national catalog of industries encouraging foreign investment.

PRC REGULATIONS ON OVERSEAS LISTING FILING

Trial Measures for the Administration of Overseas Issuance and Listing of Securities by Domestic Enterprises

Trial Measures for the Administration of Overseas Issuance and Listing of Securities by Domestic Enterprises (境內企業境外發行證券和上市管理試行辦法) was issued by the CSRC on February 17, 2023 and implemented on March 31, 2023. After the implementation of the overseas listing trial measures, an issuer proceeding with an overseas initial public offering or listing must file with the CSRC within three working days after application documents for issuance and listing of securities are submitted overseas. With effect from February 17, 2023, the CSRC has ceased to accept applications for administrative permits for overseas public offerings of shares and listings (including further issuance) of limited companies by shares, and has commenced to receive applications for filing at the same time. With effect from March 31, 2023, the receipt of applications for filing has commenced.

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According to the aforementioned regulations, an issuer cannot proceed in an overseas issuance or listing if any of the following circumstances exist: (i) the listing and financing of the issuer is expressly prohibited by laws, administrative regulations, or relevant state regulations; (ii) the overseas issuance and listing may endanger national security as determined by the competent authorities of the State Council in accordance with the law; (iii) the domestic enterprise or its controlling shareholder or de facto controller has, within the last three years, committed criminal offences of corruption, bribery, misappropriation of property, embezzlement of property, or disruption of the economic order for socialist market; (iv) the domestic enterprise is under investigation for suspected criminal offences or major violations of law and no clear conclusion has been reached; and (v) the controlling shareholder or shareholders at the disposal of the controlling shareholder or de facto controller have major disputes over the ownership of the shares.

Where a domestic enterprise proceeds with a direct overseas issuance or listing, the issuer must file with the CSRC in respect thereof and submit a filing report, a legal opinion, and other relevant materials, giving a true, accurate, and complete account of shareholders’ information and other information.

Provisions on Strengthening Confidentiality and Archive Administration Concerning the Overseas Securities Offering and Listing by Domestic Companies

The CSRC and three other government departments jointly promulgated the Provisions on Strengthening Confidentiality and Archive Administration Concerning the Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) on February 24, 2023. According to this document, where a domestic enterprise provides or publicly discloses documents or materials involving state secrets or work secrets of state organs to relevant securities companies, securities service institutions, overseas regulatory authorities, and other entities and individuals, it must, in accordance with the law, report to the competent authority with approval power for approval and file with the confidentiality administrative department at the same level for record. The working papers formed within China by securities companies and securities service institutions providing services for the overseas issuance and listing of domestic enterprises must be kept within China. If they need to be transferred out of the country, approval procedures must be handled in accordance with relevant state regulations.

Business Guidelines on Application for “Full Circulation” of Domestic Unlisted Shares of H-share Companies (Revised 2023)

On August 10, 2023, the CSRC issued and implemented the Business Guidelines on Application for “Full Circulation” of Domestic Unlisted Shares of H-share Companies (Revised 2023). According to this document, a domestic company limited by shares that has not yet been listed may file with the CSRC for “full circulation” at the time of its overseas initial public offering.

PRC LAWS AND REGULATIONS ON LABOUR PROTECTION

PRC Labor Law

The Labor Law of the People’s Republic of China was promulgated by the Standing Committee of the National People’s Congress on July 5, 1994 and latest amended and effective on December 29, 2018. The Labor Law of the People’s Republic of China set forth matters related to the promotion of employment, labor contracts, working hours, rest and vacation, wages, labor safety and health, special protection for female workers and juvenile workers, vocational training, social insurance and welfare, labor disputes, supervision and inspection and legal liability.

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Labor Contract Law of the People's Republic of China and the Regulations on the Implementation of the Labor Contract Law of the People's Republic of China

The Labor Contract Law of the People's Republic of China was promulgated by the Standing Committee of the National People's Congress on June 29, 2007, which was last amended on December 28, 2012 and effective on July 1, 2013. The Regulations on the Implementation of the Labor Contract Law of the People's Republic of China was promulgated by the State Council and took effect on September 18, 2008. According to the aforesaid law, a written labor contract must be concluded for the establishment of labor relations. The employing entity cannot force the workers to work overtime. If an employing entity arranges for a worker to work overtime, it must give him/her overtime pay in accordance with the relevant regulation and rules. Payment made to the employees cannot be lower than the local minimum wage and must be paid in a timely manner.

PRC Social Insurance Law and the Provisional Regulations on the Collection and Payment of Social Insurance Premiums

Under the Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》) promulgated by the Standing Committee of the National People's Congress on October 28, 2010 and last amended and implemented on December 29, 2018, and the Provisional Regulations on Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) issued by the State Council on January 22, 1999 and last amended and implemented on March 24, 2019, the state establishes social insurance systems including basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance, and maternity insurance. Employees must participate in these insurance schemes, with both employers and employees contributing to basic pension, medical, and unemployment insurance, while employers solely must contribute to work-related injury and maternity insurance, with employees exempt from these contributions. If an employer fails to register its employees for social insurance, the social insurance agency will determine the social insurance premiums that the employer should pay. If an employer fails to complete social insurance registration, the social insurance administrative department will order it to rectify within a specified period. If the employer fails to rectify within the time limit, it will be fined one to three times the amount of social insurance premiums payable, and its directly responsible supervisors and other liable personnel shall be fined between RMB500 and RMB3,000. If an employer fails to pay social insurance premiums on time and in full, the social insurance premium collection agency will order it to pay or make up the amount within a specified period and impose a late fee of 0.05% per day from the date of default. If the employer still fails to pay within the time limit, the relevant administrative department may impose a fine ranging from one to three times the amount of arrears.

Regulations on Management of Housing Provident Fund

According to the Regulations on Management of Housing Provident Fund (《住房公積金管理條例》), promulgated by the State Council on April 3, 1999 and last amended and effective on March 24, 2019, upon hiring employees, employers must, within 30 days from the date of employment, register with the competent housing provident fund management center for contribution deposits and complete the procedures for establishing or transferring employees' housing provident fund accounts. If an employer fails to pay or underpays the housing provident fund within the prescribed time limit, it may be ordered to pay within a specified period. If it still fails to pay after the deadline, an application may be made to the court for compulsory enforcement.

PRC LAWS AND REGULATIONS ON TAXES

PRC Enterprise Income Tax Law, Implementation Rules for the PRC Enterprise Income Tax Law, and Administrative Measures on Accreditation of High-Tech Enterprises

Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》) was promulgated by the Standing Committee of the National People's Congress on March 16, 2007 and last amended and implemented on December 29, 2018. The Implementing Regulations of the Enterprise

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Income Tax Law of the People’s Republic of China (《中華人民共和國企業所得稅法實施條例》) were issued by the State Council on December 6, 2007 and last amended and implemented on April 23, 2019. The Measures for the Administration of Recognition of High and New Technology Enterprises (《高新技術企業認定管理辦法》) were issued by the Ministry of Science and Technology, Ministry of Finance, and the State Taxation Administration on January 29, 2016 and implemented on January 1, 2016. According to these laws and regulations, both resident and non-resident enterprises are subject to a uniform enterprise income tax rate of 25%. Enterprises certified as High and New Technology Enterprises are subject to a tax rate of 15%, while qualified small and micro enterprises are subject to a 20% rate. However, non-resident enterprises without establishments or places of business in China, or those whose income has no actual connection with their establishments or places of business in China, are subject to a tax rate of 20% on their income sourced from within China.

Circular of the State Taxation Administration on Issues Concerning the Implementation of Dividend Clauses in Tax Treaties

Issued and implemented by the State Taxation Administration on February 20, 2009, the Circular of the State Taxation Administration on Issues Concerning the Implementation of Dividend Clauses in Tax Treaties (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》) stipulates that when a Chinese resident company pays dividends to a resident of a tax treaty counterpart, and the recipient (or the beneficiary of the dividends) is the beneficial owner of the dividends, the recipient is entitled to the preferential treatment under the tax treaty, which means the income tax in China is calculated at the rate specified in the tax treaty in China. If the treaty rate is higher than the domestic tax rate of China, the taxpayer may still be taxed according to Chinese domestic tax laws. If the resident of a tax treaty counterpart directly owns a certain percentage of the capital (generally 25% or 10%) of the Chinese resident company paying the dividends, the dividends received by the resident of a tax treaty counterpart will be taxed at the treaty-specified rate.

Announcement of the State Taxation Administration on Issues Concerning the “Beneficial Owner” in Tax Treaties

Published by the State Taxation Administration on February 3, 2018 and implemented on April 1, 2018, the Announcement of the State Taxation Administration on Issues Concerning the “Beneficial Owner” in Tax Treaties (《國家稅務總局關於稅收協定中“受益所有人”有關問題的公告》) defines the “beneficial owner” in the dividend, interest, and royalties articles of double taxation avoidance agreements signed by the PRC government as a person who has ownership and control over the income or the rights or property from which the income is derived. The determination of the status of a “beneficial owner” who is a resident of a treaty counterpart seeking treaty benefits should be made based on the factors listed in the announcement, combined with a comprehensive analysis of the specific circumstances of each case.

Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion Regarding Income Tax

Pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) signed on August 21, 2006, the tax rate on dividends paid by a PRC resident enterprise to a Hong Kong resident enterprise is 5% if such Hong Kong resident enterprise directly holds at least 25% of the capital in the PRC resident enterprise, and 10% for other circumstances.

Value-Added Tax Law of the People’s Republic of China, Notice on Adjusting Value-Added Tax Rates, and Announcement on Policies Relating to Deepening Value-Added Tax Reform

According to Value-Added Tax Law of the People’s Republic of China (《中華人民共和國增值稅法》), promulgated by the Standing Committee of the National People’s Congress on December 25, 2024 and implemented on January 1, 2026, entities and individuals engaging in the sale of goods, services, intangible assets, immovables and importation of goods in China must be taxpayers of VAT, and must pay

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VAT. According to the Notice on Adjusting Value-Added Tax Rates (《關於調整增值稅稅率的通知》), jointly issued by the Ministry of Finance and the State Taxation Administration on April 4, 2018 and implemented on May 1, 2018, for VAT-taxable sales activities or imports carried out by taxpayers, the original VAT rates of 17% and 11% were adjusted to 16% and 10%, respectively. According to the Announcement on Policies Relating to Deepening Value-Added Tax Reform (《關於深化增值稅改革有關政策的公告》), jointly issued by the Ministry of Finance, the State Taxation Administration, and the General Administration of Customs on March 20, 2019 and implemented on April 1, 2019, for VAT general taxpayers conducting VAT-taxable sales or importing goods that were previously subject to the 16% VAT rate, the rate was adjusted to 13%.

PRC LAWS AND REGULATIONS ON PROPERTY LEASING

Administrative Measures for Commodity Housing Leasing

According to the Administrative Measures for Commodity Housing Leasing (《商品房屋租賃管理辦法》), promulgated by the PRC Ministry of Housing and Urban-Rural Development on December 1, 2010 and effective from February 1, 2011, within 30 days after a housing lease contract is concluded, the lessor and lessee must go to the competent construction (real estate) department of the people’s government of the municipality directly under the central government, city, or county where the leased property is located to complete the housing lease registration and filing. Failure to complete the relevant lease registration procedures may result in a fine ranging from RMB1,000 to RMB10,000 being imposed on the parties to the lease agreement.

PRC LAWS AND REGULATIONS ON INTELLECTUAL PROPERTY RIGHTS

Patent Law of the People’s Republic of China and Detailed Rules for the Implementation of the Patent Law of the People’s Republic of China

The Patent Law of the People’s Republic of China (《中華人民共和國專利法》) was enacted by the Standing Committee of the National People’s Congress on March 12, 1984, last amended on October 17, 2020, and implemented from June 1, 2021. The Detailed Rules for the Implementation of the Patent Law of the People’s Republic of China (《中華人民共和國專利法實施細則》) were issued by the State Council on June 15, 2001, last amended on December 11, 2023, and implemented from January 20, 2024. According to these laws, regulations, and detailed rules, patents in China are categorized into three types: invention patents, utility model patents, and design patents. The term of an invention patent right is 20 years, the term of a utility model patent is 10 years, and the term of a design patent is 15 years, all of which are calculated from the filing date. Any entity or individual that exploits another’s patent must conclude a licensing agreement with the patent holder and pay royalties. Exploiting a patent without the permission of the patent holder constitutes an infringement of their patent rights.

Trademark Law of the People’s Republic of China and Regulations for the Implementation of the Trademark Law of the People’s Republic of China

The Trademark Law of the People’s Republic of China (《中華人民共和國商標法》) was promulgated by the Standing Committee of the National People’s Congress on August 23, 1982, last amended on April 23, 2019, and implemented from November 1, 2019. The Regulations for the Implementation of the Trademark Law of the People’s Republic of China (《中華人民共和國商標法實施條例》) were issued by the State Council on August 3, 2002, last amended on April 29, 2014, and implemented from May 1, 2014. According to these laws and regulations, the validity period of a registered trademark is 10 years from the date of approval. To continue using a trademark upon the expiry of its validity, renewal procedures must be completed in accordance with the provisions within the 12 months preceding expiration. If renewal procedures are not completed within this period, a six-month extension is allowed. Each renewal extends the validity period for 10 years, starting from the day following the expiration of the last validity period. Trademark registrants may authorize others to use their registered trademarks by signing trademark licensing agreements.

REGULATORY OVERVIEW

Regulations on the Protection of Layout-Designs of Integrated Circuits

The Regulations on the Protection of Layout-Designs of Integrated Circuits (《集成電路布圖設計保護條例》) were issued by the State Council on April 2, 2001 and implemented on October 1, 2001. According to these regulations, natural persons, legal persons, or other organizations in China who create layout-designs have exclusive rights to their designs. Foreign persons whose layout-designs are first commercially exploited within the territory of China are also entitled to exclusive rights to their designs. The protection term for the exclusive right of a layout-design is 10 years, calculated from the date of the design registration application or the first date of commercial use anywhere in the world, whichever is earlier. However, a layout-design is no longer protected under these regulations 15 years after its creation, regardless of registration or commercial use.

Internet Domain Name Management Measures

The Internet Domain Name Management Measures (《互聯網域名管理辦法》) were issued by the Ministry of Industry and Information Technology on August 24, 2017 and implemented on November 1, 2017. According to these management measures, the Ministry of Industry and Information Technology is the primary regulatory authority for the management of Internet domain names in China. Domain name registration is processed through domain name root servers and their operating institutions, domain name registration management institutions, and domain name registration service institutions established in accordance with the relevant regulations.

PRC Copyright Law, Measures for the Computer Software Copyright Registration, and Regulations on the Computer Software Protection

According to the PRC Copyright Law (《中華人民共和國著作權法》) last amended by the Standing Committee of the National People's Congress on November 11, 2020 and effective on June 1, 2021, works of Chinese citizens, legal persons or unincorporated organizations, intellectual achievements in the field of literature, art, and science that are original and can be expressed in a certain form, whether published or not, are entitled to copyright in accordance with the law. Copyright includes a series of personal and property rights such as the right of publication, the right of authorship, the right of modification, the right to protect the integrity of the work and the right of reproduction.

According to the Measures for the Computer Software Copyright Registration (《計算機軟件著作權登記辦法》) promulgated by the National Copyright Administration on February 20, 2002, and the Regulations on the Computer Software Protection (《計算機軟件保護條例》) amended by the State Council on January 30, 2013 and effective on March 1, 2013, the National Copyright Administration is the competent governmental authority for the nationwide administration of software copyright registration and the China Copyright Protection Center is designated as the software registration authority that grants registration certificates to the computer software copyrights applicants according to the Measures for the Computer Software Copyright Registration and the Regulations on the Computer Software Protection.

PRC LAWS AND REGULATIONS ON FOREIGN EXCHANGE

Regulations of the People's Republic of China on Foreign Exchange Administration

The Regulations of the People's Republic of China on Foreign Exchange Administration was promulgated by the State Council on 29 January 1996 and last amended and effective on August 5, 2008. According to the aforesaid regulations, Renminbi is freely convertible on current account items, such as foreign exchange transactions and distribution of dividends in relation to trade and services. However, Renminbi is not freely convertible for capital accounts items such as capital transfer, direct investment, securities investment, derivatives or loans unless prior approval is obtained from the competent authority of the State Administration of Foreign Exchange.

REGULATORY OVERVIEW

Notice of the SAFE on Optimizing Foreign Exchange Administration to Support the Development of Foreign-Related Businesses

The Notice of the SAFE on Optimizing Foreign Exchange Administration to Support the Development of Foreign-Related Businesses (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》) was issued and implemented by State Administration of Foreign Exchange (SAFE) on April 10, 2020. According to this notice, enterprises meeting certain conditions are permitted to use income under the capital accounts, including capital funds, foreign debts and overseas listing proceeds, for domestic payments without needing to provide proof of authenticity to banks in advance, as long as the fund usage is genuine, compliant and in accordance with current capital account income management regulations. Handling banks shall manage and control relevant business risks following the principle of prudent operation and conduct post-hoc spot checks afterwards on the payment facilitation business for income under the capital account handled by them according to relevant requirements.

Guidelines for Foreign Exchange Business under Capital Accounts (2024 Edition)

According to the Guidelines for Foreign Exchange Business under Capital Accounts (2024 Edition) (《資本項目外匯業務指引》(2024年版)) issued by the SAFE on April 3, 2024, in principle, the funds raised by overseas listings of domestic companies should be repatriated to China in a timely manner, and can be repatriated in Renminbi or foreign currency. The use of funds must be consistent with the relevant contents listed in the document or corporate bond offering documents, shareholder circulars, resolutions of the board of directors or shareholders’ meeting and other publicly disclosed documents. Domestic companies using the funds raised from overseas listings to carry out overseas direct investment, overseas securities investment, overseas lending and other businesses must comply with the relevant foreign exchange management regulations.

PRC LAWS AND REGULATIONS ON PRODUCTION SAFETY

Work Safety Law of the People’s Republic of China

The Work Safety Law of the People’s Republic of China (《中華人民共和國安全生產法》) was enacted by the Standing Committee of the National People’s Congress on June 29, 2002, last amended on June 10, 2021, and implemented on September 1, 2021. According to the Work Safety Law, production and business operation entities must meet the safety production conditions stipulated by this law, relevant laws, administrative regulations, national standards or industry standards. Entities that do not meet conditions for safe production cannot engage in production and business operations.

PRC LAWS AND REGULATIONS ON CYBERSECURITY AND DATA SECURITY

Data Security Law of the People’s Republic of China and the Measures for Security Assessment of Cross-Border Data Transfer

The Data Security Law of the People’s Republic of China (《中華人民共和國數據安全法》) was promulgated by the Standing Committee of the National People’s Congress on June 10, 2021, and implemented on September 1, 2021. The Measures for Security Assessment of Cross-Border Data Transfer (《數據出境安全評估辦法》) were issued by the Cyberspace Administration of China on July 7, 2022 and implemented on September 1, 2022. According to these laws and measures, data processors providing data to overseas parties must declare a security assessment for cross-border data transfer to the national cyberspace administration through the local provincial cyberspace administration under any of the following circumstances: (i) where a data processor provides critical data abroad; (ii) where a critical information infrastructure operator or a data processor processing the personal information of more than one million people provides personal information abroad; (iii) where a data processor has provided personal information of 100,000 people or sensitive personal information of 10,000 people in total abroad since January 1 of the previous year; and (iv) other circumstances stipulated by the national cyberspace administration for which a declaration for security assessment of cross-border data transfer is required.

REGULATORY OVERVIEW

The Cybersecurity Law of the People’s Republic of China, Regulations on the Security Protection of Critical Information Infrastructure and Cybersecurity Review Measures

The Cybersecurity Law of the People’s Republic of China (《中華人民共和國網絡安全法》) was promulgated by the Standing Committee of the National People’s Congress on November 7, 2016, last amended on October 28, 2025 and effective on January 1, 2026. The Regulations on the Security Protection of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》) were issued by the State Council on June 30, 2021 and implemented on September 1, 2021. The Cybersecurity Review Measures (《網絡安全審查辦法》) were deliberated and adopted by the Cyberspace Administration of China on November 16, 2021, agreed upon by the NDRC, the Ministry of Industry and Information Technology, the Ministry of Public Security, the Ministry of State Security, the Ministry of Finance, the Ministry of Commerce, the People’s Bank of China, the State Administration for Market Regulation, the National Radio and Television Administration, the CSRC, the National Administration of State Secrets Protection, and the State Cryptography Administration, and implemented on February 15, 2022. According to these laws, regulations and measures, the state implements a graded cybersecurity protection system. Network operators must fulfill their security protection obligations in accordance with the requirements of the graded cybersecurity protection system, ensuring the network is free from interference, destruction or unauthorized access, and preventing network data leakage, theft or tampering. For critical information infrastructure, in addition to the graded cybersecurity protection system, focused protection is implemented. Operators of critical information infrastructure purchasing network products and services and network platform operators engaging in data processing activities that affect or may affect national security, must undergo a cybersecurity review.

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OVERVIEW

Who We Are

We are a leading AI-powered, DES-based modern electricity service provider in China. According to CIC, we are the largest modern electricity service provider in China in terms of DES asset operating scale as of December 31, 2025 with an operating scale of 799.5 MWh and market share of 7.4%. We invest in and develop DES assets and provide electricity services. We are committed to aggregating real-time dispatchable user-end power resources to deliver optimal value on DES assets and power cost savings while contributing to grid stability. Amid ongoing global energy restructuring, our vision is to become a leading global modern electricity service provider. Our mission is “smart energy, benefits all.”

Our Market Opportunities

In light of surging power consumption driven by AI and other advanced technologies, the ongoing global energy restructuring ultimately will establish a modern power system that is clean and low-carbon, supply-demand coordinated, flexible, and intelligent, according to CIC. This modern power system necessitates comprehensive transformation. The increasing penetration of wind and solar power generation, which is intermittently subject to external conditions, could result in increasing chance and complexity of mismatch between power generation and load. In addition, the existing rigid structure of the grid and the load, where power generation passively follows load demand, is shifting to a more flexible structure where generation, grid, load, and storage are efficiently coordinated to achieve supply-demand balancing. Furthermore, electricity market is evolving from a centralized structure toward a three-tier coordinated structure comprising the main grid, distribution networks, and intelligent microgrids. The existing planned, wholesale-oriented electricity market is open for more flexible, service-oriented commercial models. The modern electricity service market is gradually being activated, where a large scale of real-time dispatchable user-end power resources and strong responsiveness to electricity price fluctuations are increasingly required to support emerging electricity service models.

DES, an optimal form of real-time dispatchable user-end power resources, has emerged as an important balancing factor in this market. It can provide bidirectional, distributed, and flexible regulation support to the power system while coupling with user-end load curves to sense real-time electricity price fluctuations. According to CIC, the size of China’s electricity trading service market in terms of service fee, in 2025 was RMB361.3 billion while the penetration rate of electricity trading service with underlying operating DES assets is 0.04%, and the size of China’s electricity trading service market is expected to reach RMB842.3 billion with the penetration rate expected to reach 0.7% in 2030. The integration of real-time dispatchable user-end power resources, primarily DES assets, with electricity trading is critical to modern electricity services.

Our Business Model

We carry out DES asset development and provide electricity services. Currently, we focus on investing in and developing DES assets at physical power nodes in China to expand our real-time dispatchable user-end power resource network for the ramp-up of our electricity services.

We target major heavy-load provinces in China, notably the Yangtze River Delta and Pearl River Delta regions, to develop DES assets. Our DES asset development comprises optimal energy storage capacity planning and standardized delivery and acceptance.

We provide electricity services primarily to electricity users, which are typically industrial and commercial enterprises characterized by heavy usage, prolonged demand, and significant daily load fluctuations. Our electricity services currently include peak-valley arbitrage, operation and maintenance, electricity trading, and VPP. Under peak-valley arbitrage and operation and maintenance, we deploy remote dispatch and control technologies to physical power nodes, integrate them with user-end load curves, and provide electricity users with electricity cost optimization. Under electricity trading, we participate in electricity trading transactions across annual, monthly, day-ahead, and real-time markets,

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including position management, volume declaration, and price bidding for electricity users. Under VPP, we aggregate DES assets and enable them to participate in power system optimization, including peak shaving, valley filling, and demand response, as a unified power generation entity. We have developed AI platforms that analyze and forecast load, generation output, electricity pricing, and operating status to support our electricity services.

For details of our business model, including a breakdown of our revenue by business line during the Track Record Period, see “— Our Business Model.”

OUR STRENGTHS

An early mover in defining the modern electricity service model

We are one of the first to integrate DES asset development and electricity services, according to CIC, contributing to the formulation of the modern electricity service model. We have proactively established an extensive network of DES assets, which are real-time dispatchable, at physical power nodes, which are presented at the user ends. This DES asset network serves as the physical foundation for our electricity services, including peak-valley arbitrage, operation and maintenance, electricity trading, and VPP. Together, these capabilities form the dual core drivers of our value creation in the modern electricity service market.

Building upon our DES assets in the Yangtze River Delta region, we can further scale up our electricity services. We have secured electricity sales qualifications across Jiangsu, Zhejiang, and Anhui, alongside VPP qualification in Zhejiang. As of December 31, 2025, we had up to approximately six billion kWh of electricity contracted for trading in 2026, which we believe validates our modern electricity service model.

We believe that our first-mover advantages position us ahead of other competitors in the modern electricity service market and our proven service model can be rapidly scaled from the Yangtze River Delta region to other regions nationwide.

Large-scale DES asset deployment across physical power nodes

We have deployed DES assets on physical power nodes covering major heavy-load provinces in China. During the Track Record Period, the DES assets that we operate scaled up rapidly. As of December 31, 2023, 2024, and 2025, our DES asset operating scale was 36.0 MWh, 388.4 MWh, and 799.5 MWh, respectively, with a 7.4% market share in China as of December 31, 2025, making us the largest modern electricity service provider in China in terms of DES asset operating scale as of December 31, 2025, according to CIC. As of December 31, 2025, the physical power nodes underlying the DES assets that we operate covered six provinces in China, namely Jiangsu, Zhejiang, Anhui, Hunan, Guangdong, and Hebei. DES assets of 10 MWh or more per physical power node, which we refer to as high-quality DES assets, accounted for 72.4% of the DES assets that we operate as of December 31, 2025, while the industry average is below 50.0%, according to CIC. We secure high-quality user-end physical power nodes and aggregate large-scale real-time dispatchable user-end power resources into a flexibly network to establish a solid physical foundation for integrated electricity trading.

High-quality long-term user base with cross-selling opportunities

We serve several state-owned enterprises and Fortune Global 500 companies with strong creditworthiness and long-term operating stability. We provide these electricity users with long-term peak-valley arbitrage service for the DES assets that we operate, with a contract term of 10 to 20 years. Our long-term DES value creation and cost savings for electricity users increase their switching costs and strengthen their loyalty.

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Moreover, our diverse service portfolio presents significant cross-selling opportunities across our user base. A notable case is our engagement with a Fortune 500 enterprise: over the past two years, we have successfully expanded our service scope — from initial peak-valley arbitrage and operation and maintenance services in 2024, to VPP service in 2025, and ultimately to electricity trading service in 2026. This comprehensive service arrangement demonstrates our electricity users’ trust in our operating capabilities and recognition of our service quality. Leveraging our established relationships and proven track record, we anticipate increasing penetration of additional service types — VPP and electricity trading services — among our existing electricity users for peak-valley arbitrage and operating and maintenance services. Our deep-rooted relationships with high-quality electricity users position us for a scalable business model driven by continued cross-selling opportunities, paving the way for sustainable, long-term growth.

Integrated technology foundation for electricity services

Our technology foundation across peak-valley arbitrage, operation and maintenance, electricity trading, and VPP operates in an integrated and coordinated manner.

Our independently developed prognostics safety system (PSS), launched in 2019, supports safe, reliable, and economical operations of large-scale DES assets. The PSS continually monitors asset health conditions based on multiple operating parameters, such as voltage, temperature, SOC, and SOH. During the Track Record Period and up to the Latest Practicable Date, approximately 100 DES assets were operated without any safety incidents. As of December 31, 2025, we held 66 invention patents in China, six invention patents overseas, and four awards at or above the provincial and ministerial levels for our PSS.

Our Green Electricity platform, launched in 2021, integrates communication, control, optimization, and security capabilities to establish a power dispatch system that is more edge-autonomous, standardized, intelligent, and market-oriented. Leveraging our Green Electricity platform, we have taken the lead in conducting market-based transactions, including peak shaving, valley filling, and demand response, in VPP pilot regions in China.

Our Mushroom Xiaomei AI agent platform provides actionable support to electricity services. By integrating AI agents with data retrieval, predictive analysis, and strategy recommendation capabilities, it enhances decision-making efficiency, execution standardization, and revenue management capabilities.

The Green Electricity platform continually senses the operating conditions of DES assets and provides asset-level decision-making support for market-based responses through the VPP and for DES assets participating in electricity spot trading. The technology foundation is capable of collecting DES operating data and user load data in real time, and controllably accessing generation data, system-wide load data, and electricity spot price data. All such data forms the foundational dataset for our electricity trading model in Mushroom Xiaomei, providing essential inputs and validation scenarios for AI-driven decision-making. The large-scale, high-quality, and operationally grounded data generated through our asset network constitute the core training resources for optimizing our AI trading and dispatch algorithms.

Meanwhile, we leverage the experience of our operating team to establish an expert-AI collaborative feedback mechanism. By digitalizing the tacit knowledge and decision-making logic of human traders, we accelerate the initial training and iterative optimization of our AI agents. As our DES asset operating scale and electricity services expand, our data-driven feedback loop supports continued improvement in model accuracy with increasing operating scale and further differentiates us from competitors that rely solely on algorithmic capabilities without access to underlying physical power node data.

Visionary and experienced management team

We have an experienced management team, with senior executives having an average of over 10 years of experience in electricity industry. Our core management team possesses interdisciplinary expertise spanning energy, power systems, and financial markets, and has a strong understanding of the structural evolution of the electricity market from a planned to a market-oriented system, from centralized to distributed structures, and from single-dimensional to diversified market mechanisms.

At an early stage, we recognized that as renewable energy penetration increases and electricity market reforms deepen, system volatility would rise significantly, leading to growing demand from the grid for fast, precise, and distributed flexible power resources. In response, we proactively advanced the transition from traditional energy-saving service to modern electricity services. By aggregating large-scale flexible demand at the front end and connecting to increasingly open electricity trading markets at the back end, we have established a strategic position within the modern electricity service market.

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OUR STRATEGIES

Expand the scale and density of DES assets to reinforce our market leadership in China

The scale and density of energy assets, primarily DES assets, are critical to delivering modern electricity services. Building on our presence in six provinces in China, we plan to further expand our DES asset development into other well developed regions in China with advanced electricity marketization, supportive regulatory regimes, and significant mismatch of electricity supply and demand to achieve broader coverage of physical power nodes and continue expanding the scale of our electricity services.

In addition to DES asset network, we plan to expand into new asset types, such as wind-solar-storage for industrial parks, renewable power generation assets, and standalone energy storage assets, providing diverse energy assets to support our electricity services and enrich our trading strategies.

Furthermore, we plan to expand beyond DES assets that we have developed and to include third-party developed DES assets to grow our DES asset network efficiently.

Implement AI integration across core operations

We plan to systematically enhance the AI capabilities of our technology foundations by recruiting professionals with expertise in power systems, electricity markets, data science, and AI agents.

We will continue to develop and refine our Mushroom Xiaomei AI agent platform to improve the accuracy of market state identification models and forecasting models for electricity price, power load, and renewable energy output. We intend to further integrate these AI agents into strategy and execution workflows for electricity trading, including medium- and long-term trading, energy block trading, spot trading, and VPP service.

We will leverage AI to continually enhance the capabilities of smart operation and maintenance and automated dispatching. We will use operating data from physical DES assets to enhance AI-driven fault diagnosis, early warning, and performance tuning throughout the asset lifecycle. We will combine AI-driven insights with real-time monitoring and control systems to dynamically optimize charge-discharge scheduling in response to price fluctuations, load changes, and grid conditions.

We plan to extend AI capabilities from centralized deployment to edge or terminal deployment near or at customer sites, and upgrade edge architecture to enable local sensing, analysis, and autonomous control.

Deploy our DES-based modern electricity service capabilities to empower small and medium-sized electricity trading players

We will further advance our DES-based modern electricity service model by opening access to our Mushroom Xiaomei AI agent platform for small and medium-sized electricity trading players. We plan to export our technological capabilities to these players, who typically lack DES assets and possess limited in-house technological capabilities required to compete effectively in the electricity trading market, particularly in the spot market. Leveraging our established database and AI-driven analytics, we plan to provide them with market information, price trend analysis, trading strategies, and intelligent assistance to elevate their decision-making quality and ultimately optimize their trading results. By charging service fees on trades facilitated on Mushroom Xiaomei, we intend to monetize our existing technological capabilities at scale.

Deploy our DES-based modern electricity service capabilities overseas

While continuing to strengthen our presence in the China market, we will firmly advance our globalization strategy. This includes exploring overseas markets where electricity market mechanisms are more mature and entering such markets through strategic and other forms. We aim to replicate and adapt our integrated model combining asset deployment, operation, and electricity trading service.

Our globalization strategy represents not only geographic expansion, but also the optimized allocation of technology, capital, and talent on a global scale. By extending our validated business model to broader markets, we seek to establish a new growth trajectory and become an important participant in the global modern electricity service sector.

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OUR BUSINESS MODEL

During the Track Record Period, our major business lines were DES asset development and electricity services.

The following table sets forth a breakdown of our revenue by business line during the Track Record Period.

	For the Year Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
<i>(in thousands, except percentages)</i>						
Revenue						
DES and Other Asset Development ⁽¹⁾	137,561	79.0	82,245	66.0	463,528	89.1
Electricity Services ⁽²⁾	18,506	10.6	35,598	28.6	49,038	9.5
Others ⁽³⁾	18,085	10.4	6,775	5.4	7,410	1.4
Total	174,152	100.0	124,618	100.0	519,976	100.0

Notes:

- (1) In 2023, our energy assets primarily consisted of PV assets. In the same year, we strategically shifted from PV assets to DES assets.
- (2) Include peak-valley arbitrage service, operation and maintenance service, and VPP service during the Track Record Period.
- (3) Include license fees to use our Green Electricity platform and revenue from sales of energy storage products.

During the Track Record Period, our revenue fluctuations were primarily driven by our DES and other asset development revenue as we strategically shifted from PV assets to DES assets in 2023, explored and began ramping up our DES asset development business in 2024, and established convincing business model and further expanded DES asset operating scale.

During the Track Record Period, our electricity service revenue continued to increase, consistent with our overall DES scale expansion.

During the Track Record Period, we did not generate revenue from electricity trading service, primarily due to the fact that policy frameworks governing electricity trading service were only progressively established during recent periods. Specifically, we only entered into electricity trading service agreements starting from 2025 and performance of these agreements began in 2026. We anticipate growth in electricity trading service as policy support continues to strengthen and our technological capabilities advance.

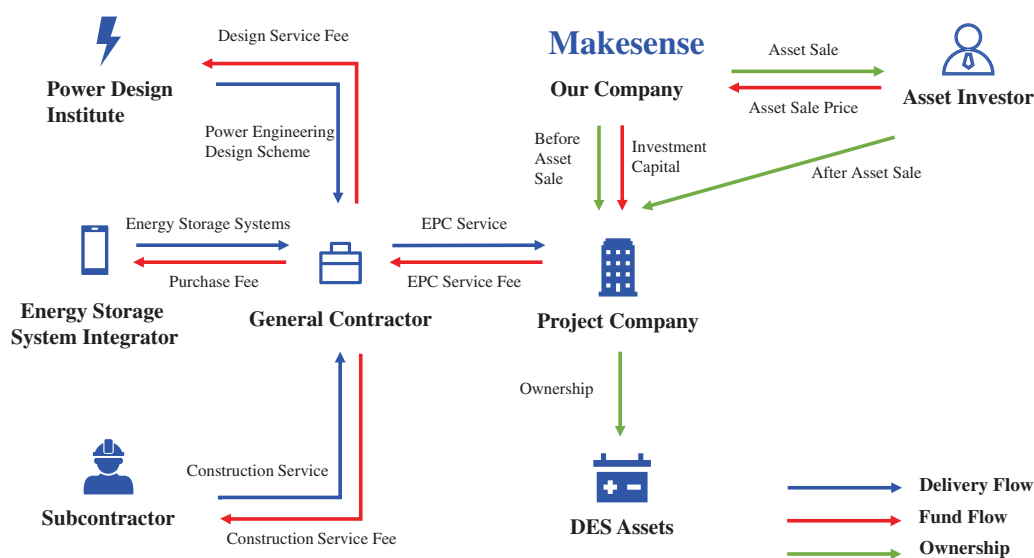
DES Asset Development

Our DES asset development business primarily focuses on the evaluation, development, construction, and monetization of DES assets. We operate through a project company model that enables us to capture value across the project development lifecycle.

A project company is typically established for each development project. The project company serves as the core execution entity responsible for project-related contractual arrangements, the legal owner of the assets, and the vehicle through which DES assets can be sold to asset investors following project completion. From the accounting perspective, we generate DES and other asset development revenue from asset sales through equity transfers of related project companies.

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The following diagram illustrates the typical model of our DES asset development business.



The following sets forth the roles of general contractor and asset investors in our DES asset development process.

- General Contractor.** The general contractor delivers comprehensive EPC services to project companies, while coordinating with multiple third parties for design scheme formulation, equipment procurement, and construction execution. The general contractor maintains end-to-end responsibility for project completion, ensuring quality standards and schedule adherence. During the Track Record Period, one of our subsidiaries served as a dedicated general contractor providing EPC services to project companies for asset development. We also may selectively engage a third party that meets our rigorous quality standards as a general contractor. For details of subcontracting, see “— Customers and Suppliers — Suppliers — Subcontracting.” As our model matures and becomes validated gradually, we are pivoting toward a fully outsourced EPC model under which a third party serves as the general contractor.
- Asset Investors.** Following project completion, we may choose to sell the DES assets to asset investors. This mechanism enables efficient capital recycling and allows us to capture development value while transferring long-term asset ownership to asset investors.

We have established a capital recycling mechanism that generates income through repeated cycles of investment, development, and delivery.

To accelerate market penetration, we have adopted a differentiated pricing strategy for asset development, offering diverse asset portfolios tailored to different investor profiles. We structure and price our asset portfolios based on criteria such as the background of electricity users, industry sectors, and DES yield ranges, and integrate investor creditworthiness and payment terms into our valuation models. This precision pricing strategy enables us to rapidly scale up our assets and expand our user base.

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Electricity Services

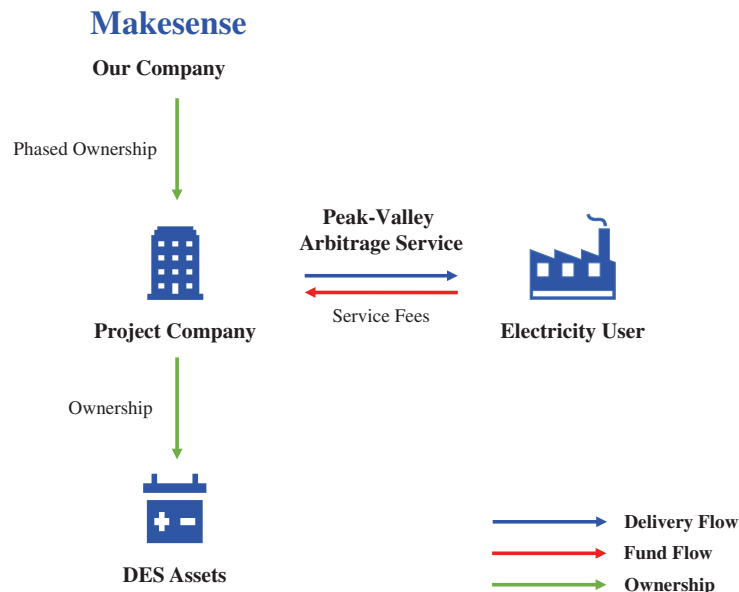
We operate through four distinct types of electricity services, each addressing specific customer needs. Accordingly, we implement a differentiated pricing strategy across these services. By weighing factors such as cost structures, market demand, customer profiles, procurement scale, and regional characteristics, we achieve refined pricing management tailored to varying circumstances.

The following table sets forth a summary of our electricity services.

Service Type	Customer Type	Service Overview	Fee Type
Peak-Valley Arbitrage Service	Electricity User	- Optimize electricity consumption scheduling - Implement peak shaving and valley filling	Agreed Arbitrage Gain
Operation and Maintenance Service	Project Company	- Conduct system monitoring, maintenance, troubleshooting - Provide strategy optimization and dynamic adjustment	Fixed Service Fee
Electricity Trading Service	Electricity User	Procure trading electricity volumes at agreed price packages	Market-Based Service Fee
VPP Service	Power Grid Company	- Aggregate DES assets - Participate in demand response and ancillary service	Market-Based Service Fee

Peak-Valley Arbitrage Service

The following diagram illustrates the model of our peak-valley arbitrage service and the relationships of the project company with our Company and electricity user.

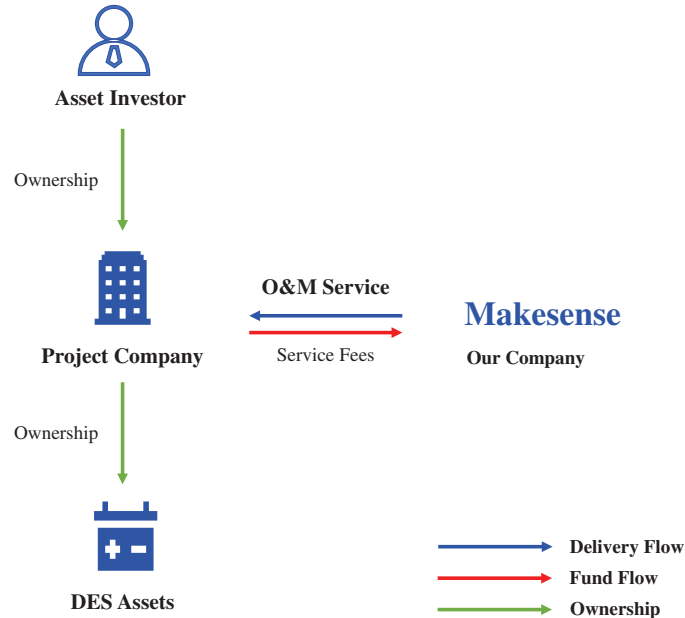


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We formulate our pricing strategy for peak-valley arbitrage service considering industrial backgrounds of the electricity users, land utilization efficiency, and capital costs. We conduct comprehensive assessments anchored by the users’ electricity load profile, taking into account their production patterns, future capacity utilization, on-site energy layout, revenue realization potential, and land cost optimization. This rigorous assessment process allows us to formulate pricing that maximizes customer returns while ensuring our own cost competitiveness.

Operation and Maintenance Service

The following diagram illustrates the model of our operation and maintenance service and the relationships of the project company with our Company and asset investor.

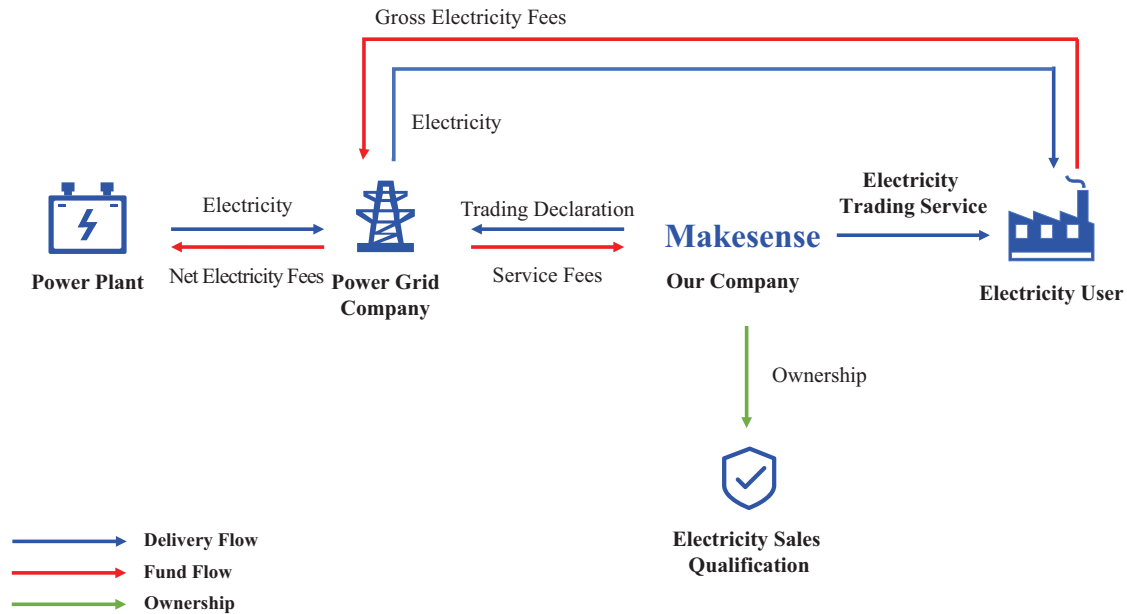


Our pricing strategy for operation and maintenance service considers local power policies, asset portfolio dispersion, and installed capacity. By leveraging our Green Electricity platform to optimize operations and lower costs, we quote prices based on a reasonable profit margin, ensuring that our service is both precisely priced and cost-effective.

Electricity Trading Service

We commenced the performance of our contractual obligations under electricity trading service in 2026, following the establishment of relevant policy framework in China. The following diagram illustrates the model of our electricity trading service and the relationships between our Company and power plant, power grid company, and electricity user, including their interrelationships.

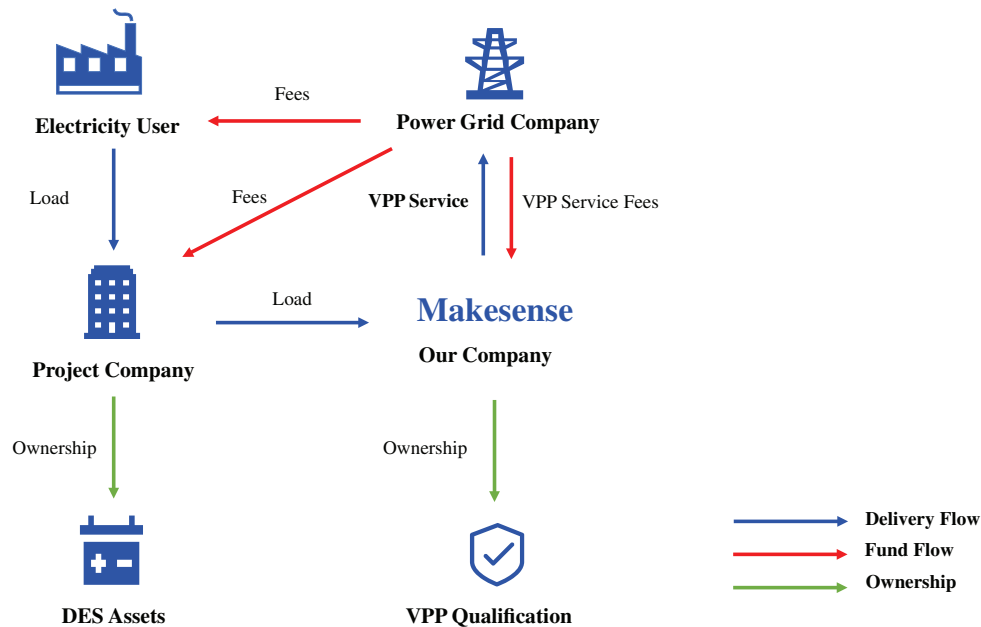
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We have established a unified pricing system for our electricity trading service. We set annual benchmark prices considering regional electricity prices, power generation mix, and policy trends, ensuring that our pricing remains competitive and aligned with market dynamics. We optimize procurement costs by capitalizing on the futures and spot market fluctuations and formulate market-oriented schemes that balance customer value with profit stability.

VPP Service

The following diagram illustrates the model of our VPP service and the relationships of our Company with project company and power grid company.



Our pricing strategy for VPP service is determined by real-time market supply and demand. We set and submit specific trading prices and corresponding volumes on a time-period basis to capture market premiums during supply shortages.

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Synergies Between Our DES Asset Development and Electricity Services

We adopt an integrated approach to carry out our modern electricity services. Our DES asset development is a necessary steppingstone for our electricity services, and provides the foundation for scalability of the latter. We strategically expand our DES asset development business to establish long-term dispatchable energy assets that we operate, which present considerable barriers to replacement once officially registered with government authorities. These long-term dispatchable energy assets that we operate serve as physical power nodes of our electricity services and hence a market entry barrier.

Our DES asset development empowers our electricity services from multiple dimensions, fostering a synergistic ecosystem that drives value across the value chain. As we have full ownership of our own DES assets prior to sale to asset investors, we can fully utilize and maximize the value of the DES assets for our electricity services to broaden our revenue base.

Firstly, DES assets can serve as the fundamental infrastructure for our peak-valley arbitrage service. By charging the DES assets during low-tariff periods and discharging during peak-tariff periods, we effectively smooth out load fluctuations and lower the unit cost of electricity for electricity users, achieving a dual enhancement in both economic efficiency and energy utilization.

Secondly, DES assets serve as a cornerstone for us to provide VPP service. Once the size of dispatchable DES assets that we operate exceeds a certain critical mass, we can aggregate these assets to form a VPP to realize price spread gains.

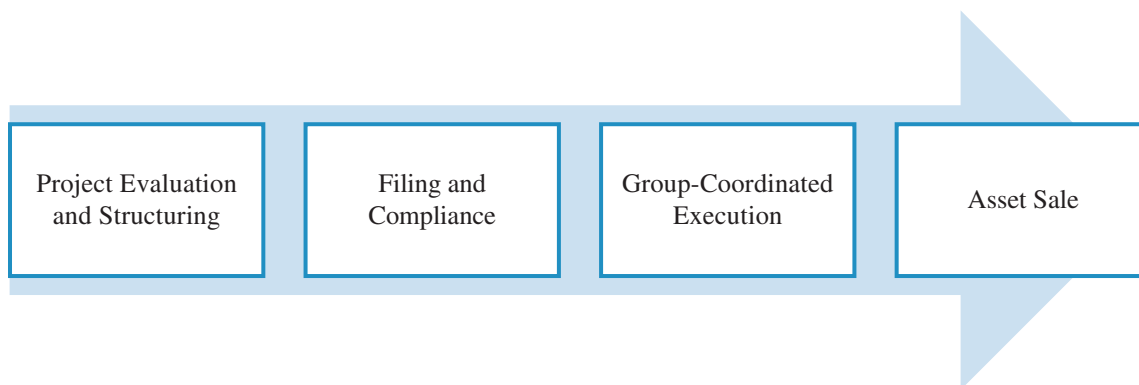
Thirdly, the deployment of DES assets can provide critical support to our electricity trading service. Supported by DES assets, we can optimize electricity consumption patterns and implement sophisticated trading mechanisms that better align with electricity users’ demand. This allows us to transcend the limitations of real-time trading by executing time-shifted purchasing strategies to maximize price spreads. Meanwhile, DES assets are instrumental in managing interactions with the power grid company. They provide the necessary agility to control staged electricity consumption deviations, ensuring strict adherence to regulatory standards and reinforcing the stability of our electricity trading service.

For a detailed discussion of our DES asset development and electricity services, see “— DES Asset Development” and “— Electricity Services.”

DES ASSET DEVELOPMENT

We recognize the fundamental role of DES assets in modern energy supply, management, and trading. We provide end-to-end DES asset development from design, procurement, construction, to completion. Our project completion timelines vary from three to six months, depending on the scale and complexity of the project.

The following flowchart illustrates the typical process of our DES asset development.



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- **Project Evaluation and Structuring.** Project evaluation and structuring serve as the starting point and the most technically sophisticated phase of our DES asset development process. In this critical stage, we leverage proprietary algorithms and software platforms to proactively determine the optimal energy storage capacity. By rigorously analyzing the electricity user’s historical load profiles and electricity bills from the preceding 12 months, we ensure the accurate projection of post-construction operating returns. This technical assessment is complemented by a multi-dimensional review, covering supply chain readiness, financial returns, legal compliance, and market positioning. To ensure disciplined decision-making, we employ a cross-functional mechanism involving marketing, assessment, delivery, legal, finance, and supply chain teams, each represented by designated decision-makers.
- **Filing and Compliance.** Upon internal approval, we typically establish a wholly-owned project company based on the evaluation result to serve as the primary vehicle for subsequent execution and complete mandatory filing with the district-level local branch of the NDRC. This structure ensures compliance with regulations requiring all DES assets to be filed by an independent legal entity. In select cases, we also form joint ventures with asset investors where we act as a minority shareholder. In these joint ventures, we assume responsibility for the industrial and technical workflow, spearheading project evaluation and pre-sales technical assessments, while our joint venture partners are responsible for majority of the capital required.
- **Group-Coordinated Execution.** We leverage an integrated model for project implementation during which we oversee construction progress, procurement execution, quality assurance, and safety management to ensure compliance with applicable regulatory requirements, industry standards, and customer specifications. While we manage equipment procurement, the general contractor leads the on-site execution. The general contractor signs EPC agreement with the project company, coordinates third-party construction service with qualified subcontractors, and manages the entire workflow from equipment delivery to final installation.
- **Asset Sale.** Upon the completion of asset construction, we sell the DES assets to asset investors. We usually identify and lock in these ultimate asset investors at the asset construction stage and, after the asset sale, gradually establish stable partnerships through subsequent long-term electricity services. See “— Electricity Services.” This integrated model enhances our capital utilization efficiency while maintaining our continued participation in the asset operation stage.

During the development of DES assets, we engage external suppliers for equipment and qualified subcontractors for construction so that we can focus on project evaluation and overall coordination rather than in-house manufacturing. This approach optimizes resource utilization and maintains efficiency, while we retain full responsibility for project management, quality assurance, and timely delivery. For details of subcontracting, see “— Customers and Suppliers — Suppliers — Subcontracting.”

Project Backlog and Execution Performance for Our DES Asset Development

We adopt a project-based model for our DES asset development business. The following table sets forth our project backlog movement in terms of contract value during the Track Record Period.

	For the Year Ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Opening balance of contract value (excluding VAT) at the beginning of the year	19,429	23,276	297,084
Add: Contract value (excluding VAT) secured during the year	141,408	356,053	310,488
Less: Revenue recognized during the year . . .	(137,561)	(82,245)	(463,528)
Closing balance of contract value (excluding VAT) at the end of the year	23,276	297,084	144,044

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The following table sets forth our project backlog movement in terms of number of contracts during the Track Record Period.

	For the Year Ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Contracts brought forward from the previous year	3	2	18
Add: Number of new contracts signed during the year	24	28	28
Less: Number of contracts performed during the year	(25)	(12)	(33)
Contracts carried forward to the following year	<u>2</u>	<u>18</u>	<u>13</u>

During the Track Record Period, there were 11, nil, and nil loss-making projects for DES and other asset development in 2023, 2024, and 2025, respectively. The gross losses resulting from these projects were RMB10.8 million, nil, and nil in 2023, 2024, 2025, respectively. The gross losses were mainly attributable to our then PV asset development projects due to market volatility affecting our PV assets, which constituted our primary revenue source that year before and are the primary reasons for our strategic shift to DES assets. See “Financial Information — Description of Major Components of Our Results of Operations — Gross Profit and Gross Profit Margin” for details. The revenue and gross loss contributions from these loss-making projects during the Track Record Period were generally insignificant relative to our total revenue and gross profit. In addition, we did not have loss-making projects in 2024 and 2025. Therefore, the occurrence of these loss-making projects did not have a material adverse effect on our overall business operations.

ELECTRICITY SERVICES

Our electricity services comprise peak-valley arbitrage service, operation and maintenance service, electricity trading service, and VPP service. These four types of services form an organic, interconnected system that enables us to hedge against policy fluctuations inherent in the modern electricity service industry in China and maximize yields across the entire value chain.

Peak-Valley Arbitrage Service

Peak-valley arbitrage service is provided through long-term agreements by project companies that we retain prior to the asset sale. Project companies help electricity users deploy DES assets that enable peak shaving and valley filling at their designated sites, thereby reducing their overall electricity costs and enhancing their power reliability. Our deep understanding of regional power policies allows us to enhance arbitrage yields and effectively mitigate operating risks.

The following sets forth the salient terms of the peak-valley arbitrage service agreements.

- **Scope of Service.** A project company is responsible for optimizing the power usage profile by storing grid electricity during off-peak and flat periods for discharge during peak demand times.
- **Site Access Right.** The project company is entitled to access the designated site housing the relevant electrical equipment at no additional lease cost, given that such cost is factored into the profit-sharing arrangement.

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- **Agreement Term.** The agreement term typically spans 15 to 20 years.
- **Ownership.** The project company retains title to DES assets and ancillary facilities during the agreement term. Upon expiration of the agreement, the project company is responsible for the disposal of the DES assets.
- **Profit-Sharing.** The arbitrage gain is distributed between the project company and the electricity user according to an agreed proportion. The project company is typically entitled to 60% to 90% of arbitrage gain, depending on the specific agreement terms.
- **Settlement.** The arbitrage gain is usually settled monthly.
- **Termination.** Either party may terminate the agreement if performance becomes impossible due to force majeure or government requirements. Upon early termination, the project company will be responsible for the disposal of the DES assets.

Operation and Maintenance Service

Based on our experience in DES asset development, we provide comprehensive operation and maintenance service to project companies for DES assets deployed at sites of the electricity users. We facilitate efficient grid dispatch integration and ensure real-time, safe regulation of DES assets, thereby enhancing operating safety and reducing maintenance costs.

The following sets forth the salient terms of our operation and maintenance service agreements.

- **Scope of Service.** We deploy qualified personnel with expertise in power maintenance and the operation and management of DES assets. Our responsibilities cover the full spectrum of operation and management, including real-time operational monitoring and control, data analysis and reporting, and the enforcement of safety protocols such as accident prevention and equipment testing. Additionally, we dynamically plan charge and discharge windows based on real-time electricity price fluctuations and peak-valley differentials.
- **Service Term.** Our service term typically spans one to five years, commencing upon the completion of safety production preparation. The agreements generally grant us a priority right to renew upon the expiration of the service term.
- **Pricing and Payment.** We typically adopt a fixed fee model, with payments structured in installments on a pro rata basis.
- **Insurance.** The agreement generally requires customers to purchase property insurance for DES assets, with us assisting in the related insurance application and claim settlement procedures.
- **Termination.** The agreement may be amended or terminated by mutual consent, or unilaterally terminated due to force majeure, payment delay exceeding 10 days, or unjustified refusal to rectify defects.

Powered by our proprietary Green Electricity platform and supported by our operation and maintenance team, we adopt an integrated online-offline operation and maintenance service framework.

- **24/7 Remote Surveillance.** We conduct remote monitoring of battery performance, system status, and operating parameters around the clock through our Green Electricity platform and implement preventive diagnostics and early-warning mechanisms to mitigate safety risks and ensure long-term asset reliability.

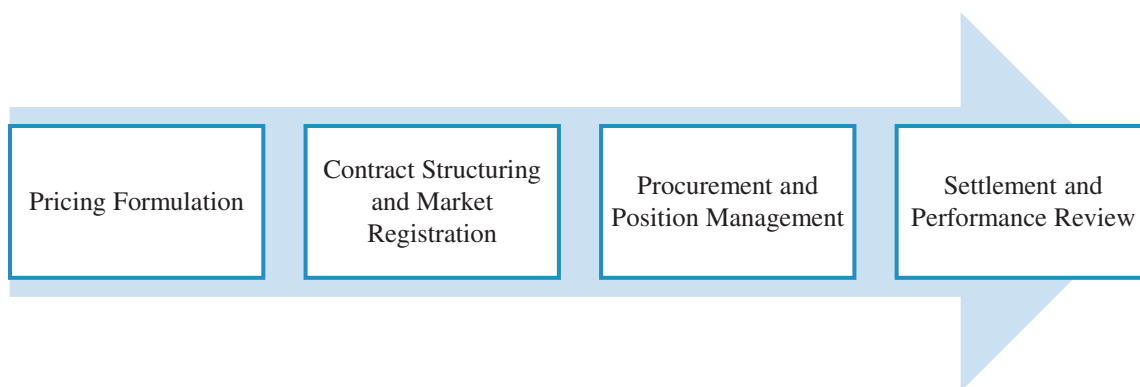
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- **Proactive On-Site Response.** Upon detecting anomalies or safety threshold breaches, we promptly diagnose issues and take corrective actions such as power adjustment and charge-discharge suspension. The on-site maintenance team delivers regular inspections and timely troubleshooting, bridging the gap between digital diagnostics and physical repairs to eliminate risks.

Electricity Trading Service

We have commenced the execution phase of our electricity trading service and participated in the active spot markets of Yangtze River Delta region, such as Jiangsu, Zhejiang, and Anhui, since January 2026. We supply electricity users with agreed volumes at agreed price packages. Through optimized electricity procurement strategies and pricing packages tailored to each province, we help electricity users reduce their overall electricity costs.

The following flow chart illustrates the process of our electricity trading service.



- **Pricing Formulation.** Our specialized research team closely monitors regional electricity prices, power generation mix, and policy trends and formulates pricing strategies tailored to the specific electricity tariffs and competitive landscape of each province.
- **Contract Structuring and Market Registration.** We negotiate and execute electricity trading agreements with electricity users and complete the necessary online registration and transaction procedures with power grid companies.
- **Procurement and Position Management.** Based on aggregated users’ demand, we procure electricity from power plants through power grid companies and manage trading positions to balance agreed volumes and market exposure.
- **Settlement and Performance Review.** We conduct periodic reconciliation and settlement of electricity transactions through power grid companies and evaluate trading outcomes to refine subsequent strategies.

The following sets forth the salient terms of our electricity trading service agreements.

- **Scope of Service.** We facilitate electricity purchase by electricity users from power plants through power grid companies.
- **Volume.** The agreement usually sets out an estimated electricity volume for the transaction and fee adjustment mechanism in the event of any deviation between the estimated and actual electricity volume.
- **Payment and Settlement.** Electricity users pay their electricity fees to the power grid companies, which, in turn, settle market-based service fees with us monthly.

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- **Agreement Term.** The agreement term is typically one year.
- **Breach of Agreement and Liquidated Damages.** Either party will pay liquidated damages for breach of agreement: we for failing to complete required filings or settle payments as agreed, and electricity users for unauthorized switching to other electricity sellers, non-cooperation in electricity trading center filings, or joining the wholesale market.

VPP Service

Our VPP service primarily aggregates load from electricity users through project companies and provides demand response to power grid companies. Through aggregation of load, we meet market participation thresholds and declare electricity volume and tariff to provincial power grid companies, earning market-based service fees from power grid companies.

The following sets forth the key mechanisms of our VPP service with power grid companies.

- **Scope of Service.** We provide VPP services, such as demand response, peak shaving, and frequency regulation, by integrating distributed power sources, energy storage devices, and adjustable load resources, following the dispatch instructions from the power grid companies.
- **Pricing.** Our service fees are determined by a market-based pricing mechanism based on market supply and demand.
- **Settlement.** The VPP service fees are settled on a monthly basis.

OUR TECHNOLOGIES

We have built a technology matrix to support our AI-powered electricity services, with the DES asset network as the physical carrier, real-time operational data as the perceptual foundation, AI decision-making as the core engine, and cloud-edge collaborative control as the execution means. This matrix includes Mushroom Xiaomei AI agent platform, Green Electricity platform, and PSS, each serving different scenarios. Mushroom Xiaomei AI agent platform supports load and electricity price forecasting, strategy output, and intelligent decision-making. The Green Electricity platform handles data access, dispatch scheduling, and operation and maintenance support. PSS undertakes safety early warning and health diagnosis. The integration of our technology matrix forms a unified, AI-powered service system.

Mushroom Xiaomei AI Agent Platform

Mushroom Xiaomei is our proprietary AI-powered platform designed for electricity trading, energy storage dispatch, and VPP. By analyzing operating data from our DES asset network extracted from our Green Electricity platform and PSS, Mushroom Xiaomei establishes an integrated energy intelligent decision-making system encompassing data perception, intelligent prediction, strategy generation, and closed-loop execution.

Mushroom Xiaomei utilizes AI agents equipped with scenario-oriented skill modules designed to address the practical needs of electricity traders in trading analysis, data inquiry, and trading and dispatch strategy generation. The AI agents can perform data structuring and correlation analysis, helping electricity traders quickly obtain key information. Building on this foundation, the platform can generate trading strategy by combining market rules, historical transactions, predictive analysis, and business needs, providing support for electricity traders in conducting declaration decisions and scheme comparisons.

The following sets forth the major application scenarios of Mushroom Xiaomei.

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- **Electricity Trading.** Integrating multi-source data such as meteorological insights, historical loads, and market prices, the platform delivers high-precision forecasting for core metrics like day-ahead prices and renewable energy output. Its built-in AI agent strategy center generates optimal trading strategies with real-time profit calculations to enhance decision-making through human-AI collaboration.
- **Energy Storage Dispatch.** Combining user load forecasts, PV output predictions, and time-of-use price trends, the platform automatically generates optimal charging and discharging schedules to maximize operating efficiency for DES assets in peak-valley arbitrage, electricity trading, and VPP service.
- **Demand Response Under VPP.** Centered on aggregating and managing adjustable load resources, the platform manages the full workflow from invitation, strategy generation, to execution. It automatically calculates response potential and matches optimal asset strategies, effectively supporting peak-shaving and valley-filling tasks issued by power grid companies.

Green Electricity Platform

Our Green Electricity platform is a proprietary cloud-edge collaborative operating platform. Our Green Electricity platform links geographically distributed DES assets into a cohesive network of real-time dispatchable energy terminals. It covers core functional modules including intelligent investment assessment, data access and storage, centralized monitoring, safety operation and maintenance, VPP operation, and trading support. It achieves scaled access, visualized management, unified dispatch, and refined operation of DES assets.

As of December 31, 2025, our Green Electricity platform connected approximately 100 DES assets with an operating scale of 799.5 MWh. This deployment demonstrates our capability to deliver standardized access and management across diverse geographic and equipment environments.

Prognostics Safety System (PSS)

Embedded within the Green Electricity platform, our proprietary PSS performs real-time health monitoring, precision-diagnostic analysis, SOC equalization and simulation, and integrated maintenance management. It can safeguard the entire lifecycle of DES assets by continually monitoring battery health, detecting potential failures to proactively prevent accidents, and optimizing operating performance.

For instance, we provided comprehensive cell-level safety detection and intelligent operation management service for a 160MW/320MWh project in Shandong equipped with our PSS. By generating optimized recommendations and operating strategies, we precisely addressed underlying risks and consistency issues, including voltage and temperature inconsistencies and significant SOC errors. Our targeted interventions resulted in a 3.0% increase in actual charge-discharge capacity, a cumulative SOC error rate maintained below 5.0%, and a 25.0% reduction in maintenance downtime. These outcomes demonstrate our PSS’s capability to enhance safety, operating efficiency, and the long-term value of DES assets.

RESEARCH AND DEVELOPMENT

While technology is a key driver of our competitive advantage, we take a pragmatic approach of research and development. We concentrate financial resources in different priorities during different stages of our development. Prior to the Track Record Period, we developed Green Electricity platform and PSS, which serve as the technology foundation for our development during the Track Record Period. From 2023 to 2025, we devoted our financial resources to ramping up our operating scale of DES assets while accumulating operating data for the Green Electricity platform and PSS. We maintained disciplined research and development expenses during the Track Record Period focusing on iteration and optimization of algorithm models based on data analytics. We began research and development of AI application in late 2025 when AI technologies became relatively mature and affordable and when our operating scale of DES assets were large enough. In 2023, 2024, and 2025, our research and development expenses were RMB48.3 million, RMB42.4 million, and RMB19.4 million, respectively. We expect that our research and development expenses will increase in absolute amount in line with our strategy to enhance our AI capabilities for the next three years starting from 2026. See “Future Plans and [REDACTED].”

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As of December 31, 2025, we had a dedicated research and development team of 21 members, representing 11.4% of our total workforce. Our research and development personnel possess extensive experience in areas such as electricity trading, AI algorithm models, and physical device control. Their expertise enables us to improve the performance of existing service offerings, further expand and diversify our capabilities to serve our customers, and reinforce our innovation-driven competitiveness in modern electricity service industry. Our research and development personnel consist of two core teams:

- **Digital Platform Development Team.** This team is responsible for data collection, remote control, VPP development, integration with provincial power grid companies’ data systems, and functional module development. Our core team members have prior research and development experience with power grid companies.
- **AI Algorithm Team.** This team is responsible for ensuring the safe and efficient operation of assets, developing core algorithm models, and supporting online monitoring and offline maintenance. 60.0% of our team members graduated from leading universities in China. We are expanding our dedicated algorithm team for electricity trading to build and manage our commercial database and develop specialized models and algorithms tailored to the electricity trading sector.

Our research and development is market-driven and deeply integrated with customer needs. Our research and development follows a standard process from initiation, execution, testing, acceptance, to finalization.

Our algorithm technology is collectively mastered by our research and development team. To mitigate the risk of over-reliance on key personnel, we have implemented a series of measures, including (i) a dual position system with pre-selected successors for key roles to ensure continuity after personnel departures, (ii) a specialized division of labor between two dedicated teams to foster expertise in different technical modules, and (iii) confidentiality agreements with core technical staff to safeguard our technologies.

We actively pursue collaborative research and development partnerships with external entities to co-develop innovative technologies that align with dynamic market needs. We are convinced that these strategic collaborations enrich our understanding of industry trends and cutting-edge technologies, enabling us to streamline our ongoing research and development initiatives effectively. During the Track Record Period, we established partnerships with research institutions and leading universities. These collaborations have facilitated projects focusing on new technologies, offering technical insights that underpin our future development strategies.

SALES AND MARKETING

Our sales and marketing strategy focuses on specific regions and industries. Through this strategy, we aim to continually enhance our customer acquisitions capabilities and increase penetration rates in key regions and industries and strengthen our market influence through benchmark cases and word-of-mouth referral.

We consider three principal factors in market expansion when formulating our sales and marketing strategies. Firstly, we focus on developed provinces with advanced electricity marketization, supportive regulatory regimes, and significant mismatch of electricity supply and demand. Secondly, we prioritize industries with strong demand for electricity procurement optimization, load management, and comprehensive electricity services. Thirdly, we conduct rigorous due diligence on financial and credit profiles, and power usage characteristics of electricity users and assess project executability to select customers with a solid foundation for long-term collaboration.

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As of December 31, 2025, our sales and marketing department had 91 members, accounting for 50.0% of our total employees. Our selling and distribution expenses were RMB58.8 million, RMB49.6 million, and RMB47.6 million in 2023, 2024, and 2025, respectively. This robust allocation of workforce and resources enables us to promptly capture localized project opportunities, provide highly tailored consultations for our target customers, and accelerate our business expansion.

Sales Team and Strategy

We have established functionally specialized sales teams in key provinces such as Jiangsu, Zhejiang and Anhui provinces, using Yangtze River Delta region as a strategic core to continually expand into surrounding markets. Our sales team collaborate closely with our technical, delivery, operations, and electricity trading teams to provide end-to-end support — from business development and site surveys to scheme design, commercial negotiation, project delivery, and ongoing electricity service. This cross-functional synergy enables us to address complex needs regarding load characteristics, peak-valley price spreads, energy storage configuration, and electricity procurement optimization.

We specifically focus on key industries, such as precision instrument manufacturing, advanced manufacturing, new-type chemicals, renewable energy, new materials, and steel. With each salesperson specializing in two to three sectors, we cover over 50 selected industries nationwide and serve a number of leading enterprises in various sectors. By prioritizing these industries in key regions where we have established successful cases, we can efficiently replicate our business models and expand our user base. Where we have established a project track record within a large corporate group, we seek cross-selling opportunities across its other manufacturing facilities, industrial zones, and operating subsidiaries to enhance intra-group penetration and replication efficiency.

We further solidify our sales competitiveness by capitalizing on the data from DES assets and advanced AI-driven insights. By analyzing data from real-world physical power nodes with our continually refined AI models, we can gain granular insights into user load profiles and operating patterns. This technical capability is complemented by our constant monitoring of regional policies and market-oriented trading mechanisms. By integrating these insights with market information, we design competitive electricity procurement packages and comprehensive electricity service schemes that precisely meet our customers’ demand.

Marketing Efforts

We have gradually built brand recognition in the Yangtze River Delta and Pearl River Delta market’s for modern electricity services. Our reputation is primarily driven by our consistent project delivery, service quality, and operating performance. As our portfolio of benchmark projects grows, potential customers can directly verify our service capabilities and financial performance.

To acquire customers efficiently, we have implemented a structured model comprising three marketing channels:

- **Direct Outreach.** We proactively connect with potential customers in key regions and industries through a combination of industry networks, sector-specific channels (such as industry events and clubs), and direct engagement.
- **Benchmark Replication.** We leverage our successful benchmark projects to win new contracts from peers within the same corporate group, industry, or region. To effectively drive replication, we publish updates on contract executions, milestone events, and operating performance of these benchmark projects through our website and official accounts. Through the demonstrative effect, we have successfully attracted prospective customers to proactively approach us for cooperation.
- **Word-of-Mouth Referral.** We have built a collaborative network across the industry value chain. Our upstream suppliers, downstream partners, and existing customers continually refer new potential customers to us, forming a trust-based referral mechanism underpinned by our service reputation.

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QUALITY CONTROL

Quality control is integral to every aspect of our daily operations. We have established a comprehensive quality control system that covers both DES asset development and electricity services. Through closed-loop control at each stage, we ensure stable business operations, asset security, service reliability, and regulatory compliance.

We have received multiple certifications with respect to quality control, such as ISO 9001 (Quality Management System Certification), ISO 14001 (Environmental Management System Certification), ISO 27001 (Information Security Management System Certification), and ISO 20000 (Information Technology Service Management System Certification).

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material quality control issues, or any incidents of penalties imposed by regulatory authorities for violations of applicable laws or regulations of quality or safety.

CUSTOMERS AND SUPPLIERS

Our Customers

Our customers for DES asset development are asset investors. Our customers for electricity services consist of electricity users, project companies, and power grid companies.

During the Track Record Period, we primarily conducted DES asset development and provided our electricity services to customers in China. In 2023, 2024, and 2025, revenue generated from our top five customers in each applicable year, all of which related to our DES asset development business, accounted for 79.5%, 68.0%, and 84.3% of our total revenue, respectively, and revenue generated from our largest customer in each applicable year, all of which related to our DES asset development business, accounted for 30.8%, 35.8%, and 29.0% of our total revenue, respectively. Our relatively high customer concentration is primarily due to the fact that DES-based modern electricity service industry is still at its early development stage where asset investors are, for the time-being, limited to resourceful and seasoned investors in the energy sector, which is not uncommon according to CIC.

Benefiting from our expanding business scale and elevated industry standing, we have successfully diversified our customer structure to include both industrial and financial sectors. Despite a relatively high customer concentration during the Track Record Period, we expect the associated risks to be manageable due to our actively broadening market presence and our ongoing diversification efforts. For risks associated with our major customers, see “Risk Factors — Risks Relating to Our Business and Industry — A significant portion of our revenue during the Track Record Period was derived from a limited number of customers, and any decrease in sales to these customers could materially and adversely affect our business, financial condition, and results of operations.”

All of our top five customers in each period during the Track Record Period were Independent Third Parties. As of the Latest Practicable Date, none of our Directors, their close associates, or any Shareholders that, to the best knowledge of our Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date had any interest in any of our top five customers in each period during the Track Record Period.

During the Track Record Period and up to the Latest Practicable Date, we did not have any material disputes with, nor did we receive any material complaints from, our customers.

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The following table sets forth certain information regarding our top five customers in each period during the Track Record Period.

Customer	Transaction Amount (RMB in thousands)	Percentage of Total Revenue (%)	Year of Commencement of Business Relationship	Customer Background	Products/Service Sold	Credit Terms	Payment Methods
<i>For the Year Ended December 31, 2025</i>							
Customer Group A.	150,809	29.0	2024	A group of subsidiaries of a partnership enterprise registered in China that is mainly engaged in investment activities with its own funds and venture capital investment in unlisted enterprises	DES assets and electricity services	DES assets: Within 180 days from the date of the invoice Electricity services: Within 15 days from the date of the invoice	Bank wire transfer
Customer Group B.	121,518	23.4	2025	A group of subsidiaries of a private company registered in China that is mainly engaged in the businesses approved by the China Banking and Insurance Regulatory Commission in accordance with relevant laws, administrative regulations, and other provisions	DES assets and electricity services	DES assets: Within 30 days from the date of the invoice Electricity services: Within 10 days from the date of the invoice	Bank wire transfer
Customer Group C.	70,089	13.5	2025	A group of subsidiaries of a limited partnership registered in China that is mainly engaged in investment activities with its own funds, venture capital investment in unlisted enterprises, and investment via private equity funds	DES assets and electricity services	DES assets: Within 3 days from the date of the invoice Electricity services: Within 15 days from the date of the invoice	Bank wire transfer

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Customer	Transaction Amount (RMB in thousands)	Percentage of Total Revenue (%)	Year of Commencement of Business Relationship	Customer Background	Products/Service Sold	Credit Terms	Payment Methods
Customer D	60,490	11.6	2024	A private company registered in China, mainly engaged in power generation, power transmission, and power distribution business	DES assets and electricity services	DES assets: Within 5 days from the date of the invoice Electricity services: Within 15 days from the date of the invoice	Banker's acceptance bill or bank wire transfer
Customer Group E .	35,328	6.8	2024	A group of subsidiaries of a company listed on SZSE, mainly engaged in power generation, power transmission, and power distribution business	DES assets and electricity services	DES assets: Within 5 days from the date of the invoice Electricity services: Within 20 days from the date of the invoice	Banker's acceptance bill or bank wire transfer
Total	438,234	84.3					
For the Year Ended December 31, 2024							
Customer Group A .	44,634	35.8	2024	A group of subsidiaries of a partnership enterprise registered in China that is mainly engaged in investment activities with its own funds and venture capital investment in unlisted enterprises	DES assets and electricity services	DES assets: Within 180 days from the date of the invoice Electricity services: Within 15 days from the date of the invoice	Bank wire transfer

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Customer	Transaction Amount (RMB in thousands)	Percentage of Total Revenue (%)	Year of Commencement of Business Relationship	Customer Background	Products/Service Sold	Credit Terms	Payment Methods
Customer Group F.	21,010	16.8	2023	A group of subsidiaries of a company listed on HKEx, mainly engaged in power generation, power transmission, and power distribution business	PV assets and electricity services	PV assets: Within 5 days from the date of the invoice Electricity services: Within 15 days from the date of the invoice	Bank wire transfer
Customer D	14,049	11.3	2024	A private company registered in China, mainly engaged in power generation, power transmission, and power distribution business	DES assets and electricity services	DES assets: Within 5 days from the date of the invoice Electricity services: Within 15 days from the date of the invoice	Banker's acceptance bill or bank wire transfer
Customer G	2,630	2.1	2024	A private company registered in China, mainly engaged in power generation, power transmission and power distribution business; the installation, maintenance and testing of power transmission, power supply and power receiving facilities; and electrical installation service	DES assets	Within 20 days from the date of the invoice	Bank wire transfer

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Customer	Transaction Amount (RMB in thousands)	Percentage of Total Revenue (%)	Year of Commencement of Business Relationship	Customer Background	Products/Service Sold	Credit Terms	Payment Methods
Customer H	2,449	2.0	2024	A company registered in China, mainly engaged in new material technology research and development, bio-based material manufacturing and sales, bio-based material technology research and development, and machinery and equipment research and development, listed on Shenzhen Stock Exchange	Electricity services	Within 15 days from the date of the invoice	Bank wire transfer or bank transfer
Total	84,772	68.0					
For the Year Ended December 31, 2023							
Customer Group F	53,605	30.8	2023	A group of subsidiaries of a company listed on HKEx, mainly engaged in power generation, power transmission, and power distribution business	PV assets and electricity services	PV assets: Within 5 days from the date of the invoice Electricity services: Within 15 days from the date of the invoice	Bank wire transfer

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Customer	Transaction Amount (RMB in thousands)	Percentage of Total Revenue (%)	Year of Commencement of Business Relationship	Customer Background	Products/Service Sold	Credit Terms	Payment Methods
Customer Group I .	35,351	20.3	2023	A group of subsidiaries of a non-listed fund management company, mainly engaged in investment activities with its own funds and venture capital investment	PV assets	Within 5 days from the date of the invoice	Bank wire transfer
Customer Group J .	29,247	16.8	2023	A group of subsidiaries of a private company registered in China, mainly engaged in power generation, power transmission, power distribution, and hydropower business	PV assets	Within 15 days from the date of the invoice	Bank wire transfer
Customer K	15,405	8.8	2023	A private company registered in China, mainly engaged in construction engineering design, construction engineering construction, and construction engineering supervision	PV assets	Within 30 days from the date of the invoice	Bank wire transfer
Customer L	4,819	2.8	2023	A private company registered in Germany, mainly engaged in logistics.	PV products and energy storage products	Within 30 days from the date of the invoice	Bank wire transfer
Total	138,427	79.5					

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Our Suppliers

Our suppliers primarily include equipment suppliers and EPC subcontractors.

We primarily select suppliers through open bidding and price comparison. In assessing suppliers, we consider their qualifications, including brand reputation, research and development capabilities, operational stability and supply capacity, industry certifications and recognition, quality control and management systems, and cooperation track record. Qualified suppliers are added to our approved supplier database. For specific projects, we formulate bidding requirements based on technical and compliance standards. During the cooperation period, we conduct regular and random inspections to ensure compliance with contractual standards.

In 2023, 2024, and 2025, purchases from our top five suppliers in each applicable year accounted for 52.9%, 50.1%, and 53.4% of our total purchases, respectively, and purchases from our largest supplier in each applicable year accounted for 17.5%, 12.5%, and 15.5% of our total purchases, respectively. During the Track Record Period, all our procurement was sourced from suppliers in China.

All of our top five suppliers in each period during the Track Record Period were Independent Third Parties. As of the Latest Practicable Date, none of our Directors, their close associates, or any Shareholders that, to the best knowledge of our Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date had any interest in any of our top five suppliers in each period during the Track Record Period.

During the Track Record Period and up to the Latest Practicable Date, we did not experience quality issues with our suppliers that materially affect our operations, nor did we encounter any material disruptions in our service offerings due to shortages of supply or any material fluctuations in the prices of our raw materials.

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The following table sets forth certain information regarding our top five suppliers in each year during the Track Record Period.

Supplier	Transaction Amount (RMB in thousands)	Percentage of Total Purchases (%)	Year of Commencement of Business Relationship	Supplier Background	Products/Service Purchased	Credit Terms	Payment Methods
<i>For the Year Ended December 31, 2025</i>							
Supplier A	69,504	15.5	2025	A private company registered in China, mainly engaged in construction engineering, power facility installation, maintenance, and testing, and construction labor subcontracting	EPC service for DES asset development	Within 5 days from the date of the invoice	Bank wire transfer or banker's acceptance bill
Supplier B	67,641	15.0	2024	A private company registered in China, mainly engaged in energy storage technology service, hydrogenation and storage facilities, PV equipment, intelligent power transmission and distribution equipment, and electronic components	EPC service for DES asset development	Within 7 days from the date of the invoice	Bank wire transfer

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Supplier	Transaction Amount (RMB in thousands)	Percentage of Total Purchases (%)	Year of Commencement of Business Relationship	Supplier Background	Products/Service Purchased	Credit Terms	Payment Methods
Supplier C	52,500	11.7	2025	A private company registered in China, mainly engaged in engineering construction, electrical installation service, installation, maintenance and testing of power facilities, and construction labor subcontracting	EPC service for DES asset development	Within 5 days from the date of the invoice	Bank wire transfer or banker's acceptance bill
Supplier D	25,758	5.7	2023	A private company registered in China, mainly engaged in intelligent power transmission and distribution equipment, electrical and instrumentation equipment, and software development	Energy storage equipment	Within 7 days from the date of the invoice	Bank's acceptance bill
Supplier E	24,674	5.5	2024	A private company registered in China, mainly engaged in the development of power and electrical equipment and energy-saving technology service	EPC service for DES asset development	Within 5 days from the date of the invoice	Bank wire transfer
Total	240,077	53.4					

BUSINESS

Supplier	Transaction Amount (RMB in thousands)	Percentage of Total Purchases (%)	Year of Commencement of Business Relationship	Supplier Background	Products/Service Purchased	Credit Terms	Payment Methods
For the Year Ended December 31, 2024							
Supplier B	62,023	12.5	2024	A private company registered in China, mainly engaged in energy storage technology service, hydrogenation and storage facilities, PV equipment, intelligent power transmission and distribution equipment, and electronic components	EPC service for DES asset development	Within 5 days from the date of the invoice	Bank wire transfer
Supplier F	60,549	12.3	2023	A private company registered in China, mainly engaged in energy-saving technologies, power transmission and distribution, and PV and electrical equipment	Energy storage equipment	Within 7 days from the date of the invoice	Bank wire transfer or banker's acceptance bill
Supplier G	50,593	10.2	2024	A private company, mainly engaged in power supply, construction, vehicle manufacturing, and telecom service	Energy storage equipment	Within 7 days from the date of the invoice	Bank wire transfer or banker's acceptance bill

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Supplier	Transaction Amount (RMB in thousands)	Percentage of Total Purchases (%)	Year of Commencement of Business Relationship	Supplier Background	Products/Service Purchased	Credit Terms	Payment Methods
Supplier H	48,216	9.8	2023	A group of subsidiaries private company registered in China that is mainly engaged in installation, maintenance and testing of power facilities, and engineering survey and construction	Energy storage equipment	Within 7 days from the date of the invoice	Bank wire transfer or banker's acceptance bill
Supplier I	26,061	5.3	2024	A private company registered in China, mainly engaged in batteries and new-energy-related equipment, information system integration, and power electronic components manufacturing	Energy storage equipment	Within 7 days from the date of the invoice	Bank transfer, bank wire transfer, or banker's acceptance bill
Total	247,442	50.1					
For the Year Ended December 31, 2023							
Supplier J	40,312	17.5	2022	A private company registered in China, mainly engaged in project construction, construction labor subcontracting, and construction engineering design	EPC service for PV and DES asset development	Within 5 days from the date of the invoice	Bank wire transfer or banker's acceptance bill

BUSINESS

Supplier	Transaction Amount (RMB in thousands)	Percentage of Total Purchases (%)	Year of Commencement of Business Relationship	Supplier Background	Products/Service Purchased	Credit Terms	Payment Methods
Supplier K	31,898	13.9	2022	A private company registered in China, mainly engaged in solar PV products and the design, development, system integration, construction, and operation management of new energy projects	PV equipment	Advance payment	Bank wire transfer or banker's acceptance bill
Supplier L	19,017	8.3	2023	A private company registered in China, mainly engaged in power generation, transmission and distribution, power facility installation, maintenance and testing, and construction and labor subcontracting	EPC service for PV asset development	Within 5 days from the date of the invoice	Bank transfer, banker's acceptance bill, or electronic commercial acceptance bill
Supplier D	17,783	7.7	2023	A private company registered in China, mainly engaged in intelligent power transmission and distribution equipment, electrical and instrumentation equipment, and software development	Energy storage equipment	Within 7 days from the date of the invoice	Banker's acceptance bill

BUSINESS

Supplier	Transaction Amount (RMB in thousands)	Percentage of Total Purchases (%)	Year of Commencement of Business Relationship	Supplier Background	Products/Service Purchased	Credit Terms	Payment Methods
Supplier H	12,699	5.5	2023	A private company registered in China, mainly engaged in power generation, transmission, and distribution, the installation, maintenance, and testing of power facilities, and engineering survey and construction	Energy storage equipment	Within 7 days from the date of the invoice	Bank wire transfer or banker's acceptance bill
Total	121,709	52.9					

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The following sets forth the salient terms of our purchase agreements with equipment suppliers.

- **Scope of Supply.** We specify the type, specifications, model, quantity, and detailed items in each purchase order of required products.
- **Pricing.** The pricing of the purchased products is locked at certain price agreed upon by both parties.
- **Delivery.** Our suppliers are typically responsible for the delivery of products within the agreed delivery time to our designated location.
- **Inspection and Returns.** We carry out product inspection before delivery. We have the right to return the defective materials that fail to meet the agreed quantity and quality standards. Our suppliers shall provide remedies for the resulting additional costs and delays.
- **Warranty.** The warranty period for energy storage systems and their direct-current-side equipment is typically five years, while the warranty period for other electrical components typically ranges from one to five years.
- **Payment Terms.** Payments are typically structured in stages, including advance payments, acceptance payments, and milestone payments based on project progress, with a portion retained as warranty.

Subcontracting

During the Track Record Period, we engaged subcontractors to carry out EPC service, allowing us to focus our time and resources on our DES asset development. The EPC service mainly represented engineering design, procurement of non-core equipment and facilities, and part of construction and installation works. According to CIC, it is not uncommon to engage subcontractors in the modern electricity service industry.

The following sets forth the salient terms of our subcontracting agreements with our EPC subcontractors.

- **Term.** The planned start dates and planned completion dates of the construction period are specified in the subcontracting agreement. Generally, subcontractors shall pay liquidated damages for any delay caused by their own fault.
- **Performance Standards.** The performance standards are specified in the subcontracting agreement.
- **Warranty.** The warranty period is typically one year after acceptance.
- **Obligations of Subcontractors.** Subcontractors are responsible for all construction work as listed in the subcontracting agreements. Subcontractors shall not sublet or illegally subcontract the main structure and critical works of the project.
- **Pricing.** A sum price is specified in the agreement, which is determined based on the agreement between both parties.
- **Payment Terms.** We make installment payments based on the project progression. We typically retain 3% of the total price as retention money, which shall be paid after the warranty period.
- **Termination.** The subcontracting agreement can generally be terminated unilaterally if either party is unable to perform its obligations as stipulated in the subcontracting agreements due to a force majeure event or a material breach by the other party, including violation of performance standards by subcontractors.

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To ensure and maintain the quality of service provided by our subcontractors, we have established internal rules and procedures to monitor our selection of, cooperation with and inspections of the subcontractors, which have the same rules and procedures as selecting suppliers. We have developed our own procurement management procedures and guidelines and engage our subcontractors in accordance with standardized procedures. When selecting subcontractors, we consider factors including the subcontractors’ credibility, supply capability, quality and price.

Overlapping Customer and Supplier

During the Track Record Period, one of our top five suppliers (being Supplier F) was also our customer. We procured energy storage equipment from and sold energy storage products and charged license fees to use Green Electricity platform to Supplier F. In 2023, 2024, and 2025, our purchases from Supplier F were RMB7.1 million, RMB60.5 million, and RMB5.2 million, which accounted for 3.1%, 12.3%, and 1.2% of our total purchases in the respective years, and our sales attributable to Supplier F were RMB3.2 million, RMB0.8 million, and nil, which accounted for 1.8%, 0.6%, and nil of our total sales in the respective years. In 2023, 2024, and 2025, the gross profit attributable to Supplier F was RMB0.3 million, RMB0.1 million, and nil and the gross profit margin attributable to Supplier F was 9.0%, 9.2%, and nil, respectively. The gross profit and gross profit margin attributable to Supplier F was generally comparable to those with our other suppliers and customers. According to CIC, such an overlap is not uncommon in the industry where we operate.

The transactions that we entered into with the Supplier F were on an arm’s-length, mutually independent basis under normal commercial terms. The sales and purchases were neither interconnected nor inter-conditional. The key terms of our sales and supply agreements with the Supplier F were substantially similar to those with our other customers and suppliers. Save as disclosed above, to the best of our knowledge, none of our five largest customers or suppliers in each applicable year during the Track Record Period was a supplier or customer of us.

COMPETITION

According to CIC, the modern electricity service industry in China is currently at its early development stage. We face competition from state-owned power generation conglomerates, private electricity retailers, energy storage equipment manufacturers, and software service providers that intend to enter the modern electricity service industry. We differentiate ourselves from these competitors as an AI-powered modern electricity service provider adopting a light-asset business model. We ranked first in the China’s DES-based modern electricity service industry in terms of DES asset operating scale among these service providers in China with a market share of 7.4% as of December 31, 2025. See “Industry Overview” for more details on the competitive landscape.

As the market matures, the competition is expected to intensify, driven by rapid technological advancements, adoption of supportive industry policies, and continued improvement of power-market reform. Our key competitive advantages primarily include large-scale DES asset deployment across physical power nodes, high-quality long-term user base with cross-selling opportunities, and integrated technology foundation for DES asset operation and aggregation and electricity trading. We will continually optimize our offering portfolio, expand our user base, and invest in advanced technologies, thereby strengthening our competitive edge in an ever-evolving market.

THIRD-PARTY PAYMENT ARRANGEMENTS

Background

During the Track Record Period, two of our customers, or the Relevant Customers, settled payments with us through third-party accounts, which we refer to as Third-Party Payment Arrangements.

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During the Track Record Period, the Third-Party Payment Arrangements were primarily attributable to the sales proceeds from constructed PV assets. Both of the Relevant Customers arranged for their affiliates to settle payments with us on their behalf. Based on the representations of the Relevant Customers and to the best knowledge of our Directors, the Relevant Customers utilized Third-Party Payment Arrangements for the purpose of their internal fund allocation and management purposes. In 2023, 2024, and 2025, the aggregate amount settled with all Relevant Customers under the Third-Party Payment Arrangements was nil, RMB28.2 million, and RMB39.4 million, respectively, representing nil, 22.6%, and 7.6% of the total revenue in the respective years.

According to CIC, the adoption of Third-Party Payment Arrangements is not uncommon in the modern electricity service industry, because the investment in DES and other assets is capital-intensive in nature and asset investors, typically large enterprise groups, often arrange for affiliates to settle payments on their behalf for internal fund allocation purposes.

We typically require the Relevant Customers and their designated third-party payors to enter into tripartite agreements with us, which confirm delegation of payment before entering into Third-Party Payment Arrangements. According to these written delegations, the designated third-party payors are authorized by the Relevant Customers to settle payments with us and the Relevant Customers will bear the liabilities of any economic dispute caused by the Third-Party Payment Arrangements. Tripartite agreements were entered into for all of the transactions under Third-Party Payment Arrangements. We have implemented enhanced internal control measures to address third-party payment arrangements and ensure compliance. For details, see “— Enhanced Internal Control Measures.”

During the Track Record Period, we did not initiate any Third-Party Payment Arrangements, and the Third-Party Payment Arrangements were arranged upon the Relevant Customers’ requests. During the Track Record Period, to the best knowledge of our Directors, all Relevant Customers and the designated third-party payors who settled payments under the Third-Party Payment Arrangements were Independent Third Parties. We did not provide any discount, commission, rebate, or other benefits to any of the Relevant Customers or the designated third-party payors to facilitate or incentivize the Third-Party Payment Arrangements.

We strictly limit Third-Party Payments to entities with a verified equity relationship with the Relevant Customers. In order to ensure the Third-Party Payment Arrangements are for bona fide transactions, we mandate a verification process for all Third-Party Payment Arrangements by reviewing signed agreements and cross-checking the equity relationship against public company registries. The entire process, from verification, internal reporting, to payment settlement, is governed by a multi-level approval system requiring authorization from the business, legal, and finance departments. To the best of our knowledge, during the Track Record Period, the relevant payments were based on bona fide underlying transactions and valid contractual relationships. The pricing and payment terms that we provided to the Relevant Customers were in line with those provided to customers not involved in the Third-Party Payment Arrangements. During the Track Record Period, we duly booked all payments received under the Third-Party Payment Arrangement according to our internal accounting policies, tax laws, and regulations. Our Directors are of the view that the foregoing measures to ensure payments under bona fide underlying transactions and valid contractual relationships with customers are sufficient and can substantially mitigate the risk we face.

During the Track Record Period and up to the Latest Practicable Date, to our best knowledge, our Directors confirmed that (i) we were not the subject of any investigations, inquiries, penalties, or surcharges as a result of our involvement in the Third-Party Payment Arrangements; (ii) we had not encountered any refund requests, actual or pending disputes or disagreements, or any claims against us relating to the Third-Party Payment Arrangements; and (iii) we were not aware of any money laundering issues, fabricated transactions, violation of tax laws, or other illegal activities under the Third-Party Payment Arrangement.

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As advised by our PRC Legal Advisor, our Third-Party Payment Arrangements do not violate the PRC Civil Code. Based on our confirmation, our PRC Legal Advisor further advised that the risk of us being required to return the funds due to the Third-Party Payment Arrangements under the PRC Civil Code is remote, because (i) as of the Latest Practicable Date, the tripartite agreements have been duly executed for all of our Third-Party Payment Arrangements, confirming that such third-party payors would not request a refund of the funds settled on behalf of the Relevant Customers, and no refund is required under the Third-Party Payment Arrangements; and (ii) during the Track Record Period and up to the Latest Practicable Date, we had not been requested to refund funds received through Third-Party Payment Arrangements, and to the best of our knowledge, there was no actual or pending dispute or disagreement involving any Third-Party Payment Arrangements.

Enhanced Internal Control Measures

During the Track Record Period, we required the Relevant Customers to communicate with us the relevant information, including, among others, the reasons for the Third-Party Payment Arrangements and the identity of the third-party payors involved.

To mitigate the potential risks from the Third-Party Payment Arrangements, we have implemented enhanced internal control measures, including, among others:

- (i) we have adopted internal management policies, which, among other things, enhance the requirements for customer management and payment collection procedures in February 2026. Under these policies, Third-Party Payment Arrangements require a formal email explanation, approval from the transaction or sales director and the financial controller, and the execution of tripartite agreements;
- (ii) we take measures to ensure all third-party payments are based on genuine underlying sales transactions and in compliance with applicable laws and regulations;
- (iii) we emphasize at the time of entering into sales contracts that payments must be made strictly in accordance with contractual terms;
- (iv) as a general rule, we only accept payments from our contractual customers; and
- (v) in limited and exceptional circumstances beyond the control of both the customer and us, where a third-party payment is requested, we require a standardized tripartite agreement to be duly executed prior to processing such payments.

Our Directors are of the view that the foregoing internal control measures are sufficient and can substantially mitigate the risk that we face.

Since December 2024, we have not entered into any new tripartite agreement for Third-Party Payment Arrangements.

In light of the above, we believe that our Third-Party Payments Arrangements will not have a material adverse effect on our business operations.

DATA SECURITY

As our business is exclusively targeted at electricity users that are industrial and commercial enterprises instead of individual users, our data collection primarily focuses on corporate information including DES assets data, equipment data, and their authorized electricity consumption data, as well as their accounts and specific query permissions on our Green Electricity platform for the purpose of providing our services. Consequently, the limited personal data that we collect consists mainly of the personal contact information for the point of contact of our business counterparties, such as customers and suppliers. We strictly safeguard all data processed in our operations through comprehensive policies to ensure regulatory compliance.

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We have established a comprehensive data security and cybersecurity framework covering technical, policy, and organizational measures. From a technical perspective, operational data collected from energy storage sites invested in or operated by us is stored in our self-built data center supported by a private cloud system, with centralized storage, automatic backup functions, environmental monitoring, backup power supply, and network segregation between development, testing, and deployment environments. Access to systems is subject to restricted controls, and security protection measures, such as firewalls, intrusion detection systems, and antivirus systems, are deployed to safeguard data and source code. From a policy perspective, we have implemented internal protocols governing the collection, storage, use, transmission, and retention of data throughout its lifecycle. We have taken data classification, grading, and protection measures, and imposed confidentiality obligations through employment contracts and agreements with relevant parties. From an organizational perspective, we have established a Cybersecurity and Data Management Working Group and designated dedicated personnel to oversee all security management matters. Specifically, their duties include formulating internal policies, managing system access and maintenance, and implementing regular monitoring and data backups. In addition, we provide cybersecurity, data security, and personal information protection training to our employees to enhance their awareness and ensure ongoing compliance with applicable laws and regulations.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material data leakage or loss, infringement of data or personal information, or information security incident. During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any material litigation or dispute relating to data protection and personal information protection, nor had we been subject to or involved in any material investigation or penalty by regulatory authorities in this regard.

INTELLECTUAL PROPERTY

We regard our proprietary trademarks, patents, domain names, trade secrets, and other intellectual property rights critical to our business operations. As of December 31, 2025, we had 130 granted patents, 77 trademarks, 68 software copyrights, seven domain names, and two layout designs of integrated circuits in China. In addition, as of the same date, we had two granted trademarks and 12 granted patents in other countries and regions.

We rely on a combination of copyright, patent, and trademark law, trade secret protection, confidentiality agreements with employees, and intellectual property and confidentiality provisions in our agreements with third-party suppliers to protect our intellectual property rights. We have established a range of internal control policies and measures to ensure our ability to protect our intellectual property rights, and operate without infringing, misappropriating or otherwise violating the valid, enforceable intellectual property rights of third parties.

During the Track Record Period and up to the Latest Practicable Date, we had not identified breaches of our intellectual property rights which, viewed alone or in the aggregate, had a material impact on our business, financial condition, or results of operations, nor had we had any material dispute or legal proceeding concerning intellectual property rights with third parties.

For more details of our material intellectual property, see “Statutory and General Information — Further Information about the Business of Our Company — Our Material Intellectual Property Rights” in Appendix VI to this document.

EMPLOYEES

As of December 31, 2025, we had 184 full-time employees, all of whom were based in China. The following table sets forth a breakdown of our full-time employees by functional departments as of December 31, 2025.

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Function	As of December 31, 2025	
	Number of employees	Percentage of total employees
Sales and Marketing	91	49.5%
Management and General Administration	72	39.1%
Research and Development	21	11.4%
Total	184	100.0%

We believe that the strength and talent of our workforce are critical to the success of our businesses, and we continually strive to attract, develop, and retain personnel commensurate with the needs of our businesses. We always strive to provide employees with comprehensive social benefits, a wide range of career growth opportunities, and a diverse work environment. In addition, we are committed to providing a safe and healthy workplace, which is backed by strict policies, robust training, and safety recognition awards. We are committed to the recruitment, education, development, and advancement of our personnel. Furthermore, we place special emphasis on the building of a talent pipeline and cohesive company culture. We have established a comprehensive system for employee training and development, covering topics such as professional competencies, corporate culture and values, workplace ethics, compliance awareness and others.

We recruit our employees based on a range of factors such as their industry experience, their educational background, and our vacancy needs. We primarily recruit employees through social recruitment, supplemented by campus recruitment to build a balanced talent pipeline.

As required by PRC laws and regulations, we participate in various employee social security plans that are organized by municipal and provincial governments, including, among other things, pension, medical insurance, unemployment insurance, maternity insurance, work-related injury insurance, and housing fund plans through a PRC government-mandated benefit contribution plan. Specifically, we are required under PRC law to make contributions from time to time to employee benefit plans for our PRC-based employees at specified percentages of the salaries, bonuses, and certain allowances of such employees, up to a maximum amount specified by the local governments in China.

We are committed to establishing competitive and fair remuneration. In order to effectively motivate our staff, we continually refine our remuneration and incentive policies. We conduct performance evaluations for our employees regularly to provide feedback on their performance. Compensation for our staff typically consists of base salary and a performance-based bonus.

We typically enter into standard employment agreements and confidentiality agreements with our senior management and core employees. We maintain a good working relationship with our employees, and we have not experienced any material labor disputes.

PROPERTIES

As of the Latest Practicable Date, we did not own any land use rights or properties in China. As of December 31, 2025, we operated our businesses primarily through six leased properties in China, with a total gross floor area of 5,306.51 square meters.

As of December 31, 2025, each of our property interests had a carrying amount of less than 15% of our consolidated total assets. Therefore, according to Chapter 5 of the Listing Rules and section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), this document is exempted from compliance with the

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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 require a valuation report with respect to all our interests in land or buildings.

Filing of Lease Agreement

During the Track Record Period and up to the Latest Practicable Date, we were unable to complete lease registrations for four leased properties used as offices. Among them, the lease for office in Wuxi terminated on December 31, 2025 without renewal.

Under PRC laws and regulations, we may be required to file with the relevant government authority executed leases. As advised by our PRC Legal Advisor, the failure to file the lease agreements for our leased properties will not affect the validity of these lease agreements, but the competent housing authorities may order us to file the lease agreements in a prescribed period of time and impose a fine ranging from RMB1,000 to RMB10,000 for each non-filed lease if we fail to complete the registration within the prescribed timeframe. The aggregate maximum penalty for the non-compliance relating to the filing of lease agreements would be RMB40,000 based on agreements in force as of the Latest Practicable Date.

During the Track Record Period and up to the Latest Practicable Date, we did not receive any notice from any regulatory authority relating to administrative penalties or enforcement actions arising from these non-registered leases. If we were ordered to make such payment, we would do so promptly and within the prescribed time period. Therefore, our Directors are of the view that these non-registrations would not have a material adverse effect on our business, financial condition, or results of operations.

INSURANCE

We maintain various insurance policies to safeguard against risks and unexpected events in our daily operations. We have purchased insurance covering all risks of physical loss, destruction, or damage based on operating needs. We maintain third-party insurance policies covering certain potential risks and liabilities including product liability and property liability. We provide social security insurance including pension insurance, unemployment insurance, employer liability insurance, and medical insurance for our employees in China. In addition to providing social insurance for our employees as required by PRC law, we provide commercial accident insurance for certain employees. We consider our current insurance coverage to be adequate. We will continue to review and assess our risk portfolio and make necessary and appropriate adjustments to our insurance plans.

LICENSES, PERMITS, AND APPROVALS

During the Track Record Period and up to the Latest Practicable Date, we have obtained all licenses, permits, and approvals necessary for our business operations in all material respects from government authorities in China, and these licenses, permits, and approvals remained in full effect. As advised by our PRC Legal Advisor, there is no legal impediment to renewing the licenses, permits, and approvals held by us.

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The following table sets forth a list of our material licenses, permits, and approvals.

License/Permit/Approval	Holder	Granting Authority	Grant Date	Expiry Date
Safety Production License (安全生產許可證)	Zhongyue Construction (Shanghai) Co., Ltd.	Shanghai Municipal Commission of Housing and Urban-Rural Development (上海市住房和城鄉建設管理委員會)	June 7, 2024	June 6, 2027
Power Facility Installation (Repair, Test) Permit – Grade III for Installation, Grade III for Repair, Grade III for Test (承裝(修、試)電力設施許可證-承裝類三級,承修類三級,承試類三級)	Zhongyue Construction (Shanghai) Co., Ltd.	East China Regulatory Bureau of the National Energy Administration (國家能源局華東能源監管局)	May 6, 2023	May 5, 2029
Certificate of Construction Enterprise Qualification: Grade II General Contracting for Construction Engineering; Grade II Specialized Contracting for Electronic and Intelligent Engineering; Grade II General Contracting for Electric Power Engineering; Grade II Specialized Contracting for Building Decoration and Renovation Engineering (建築業企業資質: 建築工程施工總承包二級, 電子與智能化工程專業承包二級, 電力工程施工總承包二級, 建築裝修裝飾工程專業承包二級)	Zhongyue Construction (Shanghai) Co., Ltd.	Shanghai Municipal Commission of Housing and Urban-Rural Development (上海市住房和城鄉建設管理委員會)	June 21, 2024	June 9, 2026 ⁽¹⁾
Electricity Sales Qualification (售電資質)	Zhejiang Makesense Energy Technology Co., Ltd.	Jiangsu Electricity Trading Center Co., Ltd. (江蘇電力交易中心有限公司); Anhui Electricity Trading Center Co., Ltd. (安徽電力交易中心有限公司); Zhejiang Electricity Trading Center Co., Ltd. (浙江電力交易中心有限公司)	September 1, 2025; October 31, 2025; October 31, 2025 ⁽²⁾	N/A ⁽³⁾
Electricity Sales Qualification (售電資質)	Jiangsu Meiliang Intelligent Electric Power Co., Ltd.	Jiangsu Electricity Trading Center Co., Ltd. (江蘇電力交易中心有限公司)	December 12, 2025 ⁽²⁾	N/A ⁽³⁾
Virtual Power Plant (虛擬電廠)	Zhejiang Makesense Energy Technology Co., Ltd.	Zhejiang Electricity Trading Center Co., Ltd. (浙江電力交易中心有限公司)	July 24, 2024 ⁽²⁾	N/A ⁽³⁾
CMMI Level 3 (CMMI三級)	Our Company	Capability Maturity Model Integration (CMMI) Institute	July 13, 2024	July 12, 2027
Information Technology Service Operation and Maintenance Standard (ITSS) Operation and Maintenance Level 3 (ITSS運行維護三級)	Our Company	China Electronics Standardization Institute (中國電子工業標準化技術協會)	June 6, 2024	June 3, 2027

Notes:

- (1) We plan to submit the application for renewal by the end of April 2026.
- (2) The grant date refers to the day after the expiry date of the respective public notice period.
- (3) The expiry date is not applicable because the qualification is valid on a long-term basis.

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ENVIRONMENTAL, SOCIAL AND GOVERNANCE

ESG Governance Structure

We firmly believe that, environmental, social and governance (ESG) serves as a crucial foundation underpinning our long-term sustainable development and value creation. Our business coverage inherently focuses on improving energy utilization efficiency and accelerating the society’s transition to a low-carbon economy. We have deeply integrated ESG philosophy into our strategic decision-making, operational management and corporate culture, committed to addressing the temporal and spatial mismatch of energy through technological innovation, creating returns for shareholders, while supporting the global achievement of carbon neutrality goals and safeguarding energy security.

We have established a three-tier ESG governance structure comprising the Board of Directors, the ESG Committee, and the ESG working group to ensure that relevant matters are effectively identified, managed, and supervised. The Board of Directors is the supreme decision-making and supervisory body for the Group’s ESG-related affairs, whose main responsibilities include:

- deliberating on ESG management strategies and annual targets;
- approving major ESG management regulations and policies;
- supervising the establishment and operation of the ESG management system;
- deliberating on material ESG matters and emergency response plans; and
- reviewing the annual ESG report and information disclosure.

Environmental Protection

We recognize that environmental protection and efficient resource utilization are essential foundations for the sustainable development of companies. We strictly comply with the Environmental Protection Law of the People’s Republic of China (《中華人民共和國環境保護法》) and other applicable laws and regulations, and continually improve the environmental management mechanism, striving to reduce the environmental impact of daily business activities, while enabling customers and the society to achieve emission reduction through our core business.

Resource Management

We have incorporated energy use management into an important part of daily operational management, and continually improve resource utilization efficiency through real-time monitoring of energy consumption, implementation of energy-saving measures and enhancement of employees’ energy-saving awareness. As we are not a manufacturing company, daily resource consumption mainly comes from electricity and water consumption in office premises and operational activities, as well as fuel consumption of owned official vehicles. The table below sets forth our energy and water resource consumption during the Track Record Period:

Category	Year Ended December 31,		
	2023	2024	2025
Energy Consumption			
Electricity Consumption (MWh)	525.1	452.7	450.9
Gasoline Consumption (MWh)	69.5	68.2	63.9
Total Energy Consumption (MWh)	594.6	520.9	514.8
Energy Consumption Intensity (MWh/million RMB revenue)	3.4	4.2	1.0
Water Consumption			
Water Consumption (cubic meters)	840.0	766.0	657.0
Water Consumption Intensity (cubic meters/million RMB revenue)	4.8	6.1	1.3

Note: The fluctuation in consumption intensity is mainly derived from the fluctuation of our overall revenue during the Track Record Period.

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At present, we mainly reduce resource consumption through the following measures:

- timely turn off air conditioners and other electrical equipment when employees leave the office area; and
- encourage water conservation and reduce unnecessary water consumption in daily office work.

Emission Management

As we are not a manufacturing company, there are no material emissions of industrial wastewater, waste gas, and hazardous solid waste, and our main non-hazardous waste is paper generated in daily business activities. We actively promote paperless office, advocate concepts including environmental protection and green office, and continue to control the waste emission intensity through optimizing office processes and strengthening resource recycling and utilization.

Addressing Climate Change

Identification and Management of Climate-Related Risks and Opportunities

We have incorporated climate-related issues into daily risk management and business decision-making, and identified major climate-related risks and opportunities in light of business characteristics. We believe that extreme weather may affect the safe operation of DES assets and the continuity of project delivery, while policy changes and technology iteration may also have an impact on our business development. At the same time, with the growing demand for renewable energy, the in-depth application of DES assets and the advancement of electricity marketization reform, we also presented with more business expansion opportunities. The table below sets forth the major climate-related risks, opportunities identified by us.

Risk/Opportunity Type	Description	Potential Impact	Measures
Physical Risk			
Extreme Weather Risks	• Extreme weather events caused by climate change, such as high temperature, heavy rains and typhoons.	• Affect the safe operation of DES assets and the continuity of project operation	• Improve site selection criteria, thermal management plans, flood control measures and emergency response plans, and enhance financial resilience through appropriate asset insurance arrangements.
Transformation Risks			
Policy Risks	• Continuous changes in policies, regulatory requirements and market mechanisms	• Bring pressure of higher compliance requirements and operational adjustments	• Continuously track policy changes and the fluctuation trends of electricity prices and carbon prices, and improve internal management and information disclosure processes.
Technical Risks . . .	• Continuous evolution of electricity market and technological routes	• Pose higher requirements for business models and technical capabilities	• Strengthen capabilities of digital energy management and electricity trading, introduce AI electricity trading algorithms, conduct predictive analysis on electricity price trends and load changes, and optimize trading strategies and energy storage dispatching decisions

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Risk/Opportunity Type	Description	Potential Impact	Measures
Opportunity			
Market Expansion . . .	Growing demand for renewable energy and in-depth application of DES assets	Conducive to driving the demand growth for DES asset aggregation, renewable energy trading and comprehensive energy services	- Continuously expand market layout, promote the transformation to VPP aggregation operation model, and improve electricity service capabilities, asset operation efficiency and the proportion of renewable energy trading; - Actively use financial instruments such as green bonds, green credit and asset-backed securities (ABS) to raise funds for the development and operation of DES assets

Greenhouse Gas Management

The greenhouse gas emissions from our daily operations mainly include Scope 2 emissions derived from purchased electricity and Scope 3 emissions generated from employees’ business travel, and our Scope 1 emissions is relatively low. Therefore, we focus our greenhouse gas management on purchased electricity management and low-carbon travel measures. We are gradually improving the collection, accounting, and management mechanism of greenhouse gas emission data, and continually enhancing the level of relevant data management in light of business development. At the same time, we also continually control the emission intensity through reduction of unnecessary business trips, promotion of online meetings and advocacy of green commuting. The table below sets forth our greenhouse gas emissions of Scope 1, Scope 2 and Scope 3 during the Track Record Period.

Category	Year Ended December 31,		
	2023	2024	2025
Scope 1 Emission (tCO ₂ e)	18.0	17.7	16.6
Scope 2 Emission (tCO ₂ e)	367.6	316.9	315.6
Scope 3 Emission (tCO ₂ e)	253.4	175.5	200.6
Total Greenhouse Gas Emissions (tCO ₂ e)	639.0	510.1	532.8
Greenhouse Gas Emissions Intensity (tCO ₂ e/million RMB revenue).	3.7	4.1	1.0

Note: Reasons for the fluctuations of emission intensity are similar to those for energy and water consumption as set forth in the table above.

In respect of carbon management, we actively explore carbon neutrality technological pathways and solutions and we evaluate the feasibility of participating in carbon trading mechanisms to facilitate the achievement of carbon reduction targets.

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Social Responsibility

Employment and Labor Standards

We regard employees as an important foundation for our sustainable development, and are committed to creating a fair, diverse, safe, and development-oriented working environment. We continually improve the human resource management system, adhere to the principles of equality, standardization, and non-discrimination in recruitment, employment, promotion, compensation, and resignation, and strive to ensure that employees have fair development opportunities. We enter into labor contracts with employees in accordance with relevant laws and regulations, and continually improve the compensation and benefits, leave arrangements and employee care mechanisms based on actual operational conditions, so as to continually enhance employees’ sense of belonging and satisfaction. We also attach importance to employee occupational health and safety management, continuously improve the safety management systems related to office premises, project sites and operational activities. In terms of employee development, we continually improve the training system to support the improvement of employees’ capabilities and career development.

Customer Service Management

We attach importance to establishing long-term and stable cooperative relationships with customers, and continually improve customer service and operating support capabilities. We are committed to providing high-quality products and services to better respond to customers’ needs in energy use management, operating efficiency and green transformation. In the service process, we continually strengthen communication with customers, timely understand their business plans and actual needs, and continually improve service quality combined with project implementation, operational management and follow-up support. At the same time, we improve the efficiency of problem response and handling through internal collaboration and process optimization, and continually enhance customer experience and satisfaction.

Supply Chain Management

We continually improve the supplier management mechanism and gradually incorporate sustainable development requirements into procurement and cooperation processes. In the supplier access and cooperation process, we comprehensively consider the quality of their products and services, delivery capacity, compliance performance, and safety management level, and promote the stable and standardized operation of the supply chain through continued evaluation and dynamic management. We also gradually pay attention to social responsibility factors in the supply chain. For example, we are gradually establishing environmental assessment mechanisms for suppliers, and requiring them to provide energy usage and carbon emission data to regularly assess their environmental performance. We will, in light of business development, continually promote suppliers to improve the level of compliant operation, quality assurance and sustainable development management, so as to jointly build a robust, transparent and sustainable supply chain system.

Data Security, Integrity, and Anti-Fraud

We attach importance to data security, information protection and compliant operation, and continuously improve the relevant internal management mechanisms. In terms of data privacy protection, we comply with relevant laws and regulations such as the Personal Information Protection Law of the People’s Republic of China (《中華人民共和國個人信息保護法》), and have established a data breach emergency response mechanism. We also continue to strengthen the protection of intellectual property rights to safeguard the security of our core technologies and trade secrets. At the same time, we adhere to the principles of honest operation and integrity in business, and oppose any form of bribery, fraud and improper transfer of benefits. We continually improve internal control and compliance management

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requirements, focusing on procurement, sales, project cooperation, and other key business links, and have established reporting and feedback channels where relevant information is kept strictly confidential. For verified violations, we will handle them strictly in accordance with internal systems and applicable laws and regulations.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not a party to any material legal, arbitral, or administrative proceedings, and we were not aware of any pending or threatened legal, arbitral, or administrative proceedings against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition, and results of operations.

Compliance

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 fostering a culture of compliance by establishing and implementing various policies and procedures, such as comprehensive risk management procedures, to ensure that our operations consistently meet regulatory and compliance requirements.

Social Insurance and Housing Provident Fund Contributions

During the Track Record Period, we did not make full contributions of social insurance and housing provident funds for some employees. We had not fully settled the shortfall in contributions as of the Latest Practicable Date. In 2023, 2024, and 2025, the amount of shortfall in such contributions was RMB5.0 million, RMB6.4 million, and RMB1.6 million, respectively. Pursuant to PRC laws and regulations, if there is a failure to pay the full amount of social insurance as required, the social insurance premium collection department may require payment of the outstanding amount within a prescribed period, and it may charge a late fee of 0.05% per day of the delayed payment amount. If such payment is not made within the stipulated period, the competent authority may further impose a fine of one to three times of the overdue amount.

During the Track Record Period, we also engaged third-party human resources providers to pay individual income tax and make social insurance and housing fund contributions for certain employees, because these employees preferred to participate in local social insurance and housing fund schemes in their place of residency, which differed from the cities where their employee contracts were executed. During the Track Record Period, the contributions made by third-party human resources service providers were RMB1.6 million, RMB1.0 million, and RMB0.3 million, in 2023, 2024, and 2025, respectively. Pursuant to PRC laws and regulations, the contributions to social insurance and housing provident funds made through third-party accounts may not be viewed as fully compliant. If these third-party arrangements are challenged by the competent PRC authorities, or if the contributions are not made in full or in a timely manner, we may be required to make supplemental contributions, pay late fees or penalties, and could be subject to labor disputes.

See “Risk Factors — Risks Relating to Doing Business in Jurisdictions Where We Operate — Any failure to comply with the PRC regulations regarding contribution of social insurance or housing provident funds may subject us to fines and other legal or administrative penalties.”

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As advised by our PRC Legal Advisor, the risk of us being subject to any material administrative penalties for failing to make full social insurance and housing provident fund contributions is remote, based on the following grounds: (i) we have obtained certificates issued by the competent authorities stating that, during the Track Record Period, we were not subject to any administrative penalties for violating laws and regulations related to labor and social insurance or housing provident funds; (ii) according to the Notice of the General Office of the State Taxation Administration on Conducting the Relevant Work Concerning the Administration of Collection of Social Insurance Premiums in a Steady, Orderly and Effective Manner (《國家稅務總局辦公廳關於穩妥有序做好社會保險費徵管有關工作的通知》) promulgated on September 13, 2018 and the Notice of the General Office of the State Council on Promulgation of the Comprehensive Plan for the Reduction of Social Insurance Premium Rates (《國務院辦公廳關於印發《降低社會保險費率綜合方案》的通知》) promulgated on April 1, 2019, all the local authorities responsible for the collection of social insurance are strictly forbidden to conduct self-collection of historical unpaid social insurance contributions from company, and Notice of the State Taxation Administration on Implementing the Several Measures to Further Support and Serve the Development of Private Economy (《國家稅務總局關於實施進一步支持和服務民營經濟發展若干措施的通知》) promulgated on November 16, 2018, repeats that tax authorities at all levels may not organize self-collection of arrears of taxpayers including private company in the previous years; (iii) as of the Latest Practicable Date, we had not received any material employee complaints or regulatory notices regarding social insurance and housing provident fund contributions, nor had we been involved in material disputes or subject to administrative penalties in relation thereto during the Track Record Period; and (iv) if we receive employee complaints or regulatory orders to make such payments, we will promptly settle the outstanding shortfall.

Based on the above, our Directors are of the view that the issues relating to the contributions of social insurance and housing provident funds would not have a material adverse effect on our business, financial condition, and results of operations.

To ensure full compliance with all statutory requirements relating to social insurance and housing provident funds, we have proactively initiated rectification measures. We have ceased all arrangements with third-party human resources service providers. In addition, we have made full and direct social insurance and housing provident funds contributions for all employees starting from November 2025.

INTERNAL CONTROL AND RISK MANAGEMENT

We are exposed to various risks during our operations. We have put in place a set of internal control and risk management policies and procedures to address potential operational, financial, legal, and market risks identified in relation to our operations. We also periodically review these procedures to ensure their effectiveness. Our policies and procedures relate to managing our research and development management, sales operations, procurement execution, financial reporting, information disclosure management, and general controls over information technology.

We have designated responsible personnel in our Company to monitor the ongoing compliance by our Company with the relevant PRC laws and regulations that govern our business operations and oversee the implementation of necessary measures. In addition, we plan to provide our Directors, senior management, and relevant employees with continued training programs and updates regarding the relevant PRC laws and regulations on a regular basis with a view to proactively identify any concern and issue relating to any potential non-compliance.

We have adopted internal rules and policies governing various aspects of our business operations and management, including information system, physical assets, procurement, sales and marketing, financial reporting, and human resources. For example, we have designed and implemented a series of internal control policies and procedures relating to our information management system, such as the establishment of a dedicated team responsible for cybersecurity and data protection, the formulation of data protection policies and measures, and the provision of training to employees involved in data control and management. In addition, we have established internal control policies covering various aspects of human

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resource management such as recruiting, training, work ethics, and legal compliance. Furthermore, we have adopted a set of policies and procedures in connection with our financial reporting management, such as financial and accounting policies, budget management procedures, and financial statement preparation procedures.

During the Track Record Period, our Directors did not identify any material internal control weakness or failure. We have also engaged an independent internal control consultant to evaluate our internal control system in connection with the [REDACTED]. The internal control consultant has conducted review procedures on our internal control system in certain aspects, including company level and process level controls. Our internal control consultant did not identify any material deficiency based on internal control review procedure.

AWARDS AND RECOGNITION

We have established strong brand and reputation with our technological capabilities and trustworthy service.

The following table sets forth certain significant awards and recognition that we have received.

Awarding Year	Award/Recognition	Issuing Organization
2025	2025 China Energy Storage Industry Best Virtual Power Plant Solution Award (2025年度中國儲能產業最佳虛擬電廠解決方案獎)	China International Energy Storage Conference (中國國際儲能大會) and China Energy Storage Network News (中國儲能網)
2025	Shanghai Top 100 High-Growth Software and Information Technology Service Enterprises (上海軟件和信息技術服務業高成長百家企業)	Shanghai Municipal Commission of Economy and Informatization (上海市經濟和信息化委員會)
2025	Shanghai High-tech Achievement Transformation Project (上海市高新技術成果轉化項目)	Science and Technology Commission of Shanghai Municipality (上海市科學技術委員會)
2024	National Specialized and New “Little Giant” Enterprise (國家級「專精特新」小巨人企業)	Ministry of Industry and Information Technology of the People’s Republic China (中華人民共和國工業和信息化部)
2024	First Prize of Shanghai Science and Technology Award (「上海市科學技術獎」一等獎)	People’s Government of Shanghai Municipality (上海市人民政府)
2024	“Shanghai Brand” Certification (「上海品牌」認證)	China Quality Certification Centre Co., Ltd. (中國質量認證中心有限公司)
2023	High and New Technology Enterprise (高新技術企業)	Science and Technology Commission of Shanghai Municipality (上海科學技術委員會), Shanghai Municipal Bureau of Finance (上海市財政局), and Shanghai Municipal Taxation Bureau of State Administration of Taxation (國家稅務總局上海市稅務局)
2023	National Intellectual Property Advantage Enterprise (國家知識產權優勢企業)	China National Intellectual Property Administration (國家知識產權局)

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Awarding Year	Award/Recognition	Issuing Organization
2023	UNIDO Global Call 2022 Winner in “Green Growth” Category	United Nations Industrial Development Organization Investment and Technology Promotion Office
2022	First Prize of Science and Technology Progress, State Grid Corporation of China (國家電網有限公司科學技術進步一等獎)	State Grid Corporation of China (國家電網有限公司)
2021	Third Prize of the 2022 Jiangsu Science and Technology Award (2022年度江蘇省科學技術獎三等獎)	Jiangsu Provincial People’s Government (江蘇省人民政府)

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Our Board currently consists of nine Directors, comprising three executive Directors, three non-executive Directors and three independent non-executive Directors. The following table sets forth certain information regarding our Directors:

Name	Age	Position(s)	Date of joining our Group	Date of appointment as our Director ^(Note)	Roles and responsibilities	Relationship with other Directors or Senior Management
<i>Executive Directors</i>						
Ms. Wei Qiong (魏瓊)	42	Executive Director, General Manager and Chairperson of our Board	January 2018	March 24, 2020	Developing and driving the execution of our Company’s strategy, major decision-making, and authorization.	None
Dr. Yan Xiao (嚴曉)	66	Executive Director and Chief Scientist	January 2018	March 26, 2021	Research and development of advanced technologies in relation to safety pre-diagnosis for power batteries.	None
Dr. Liu Shuangyu (劉雙宇)	40	Executive Director, President and General Manager of Zhejiang Makesense	October 2022	October 21, 2025	Day-to-day management of our Company’s operations, development of large-scale models for energy trading and operation of electricity trades.	None
<i>Non-executive Directors</i>						
Dr. Zhou Hongbin (周宏斌)	52	Non-Executive Director	October 2025	October 21, 2025	Fulfilling fiduciary duties and diligent obligations including exercising oversight on company management, participating in decision-making, and providing professional consultation.	None
Mr. Wang Wenjian (王文健)	36	Non-Executive Director	October 2025	October 21, 2025	Fulfilling fiduciary duties and diligent obligations including exercising oversight on company management, participating in decision-making, and providing professional consultation.	None
Mr. Lee Sai Hong (李世康)	36	Non-Executive Director	February 2026	February 5, 2026	Fulfilling fiduciary duties and diligent obligations including exercising oversight on company management, participating in decision-making, and providing professional consultation.	None

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position(s)	Date of joining our Group	Date of appointment as our Director ^(Note)	Roles and responsibilities	Relationship with other Directors or Senior Management
Independent non-executive Directors						
Mr. Huang Yongzhong (黃永忠)	57	Independent Non-Executive Director	April 2026	April 15, 2026	Working collaboratively with other Directors to promote our Company’s healthy growth, improving our Company’s corporate governance structures, facilitating standardized operations, and enhancing the scientific decision-making of the Directors.	None
Ms. Cui Jizi (崔吉子)	61	Independent Non-Executive Director	April 2026	April 15, 2026	Working collaboratively with other Directors to promote our Company’s healthy growth, improving our Company’s corporate governance structures, facilitating standardized operations, and enhancing the scientific decision-making of the Directors.	None
Mr. Shi Yansong (施艷松)	43	Independent Non-Executive Director	April 2026	April 15, 2026	Working collaboratively with other Directors to promote our Company’s healthy growth, improving our Company’s corporate governance structures, facilitating standardized operations, and enhancing the scientific decision-making of the Directors.	None

Note: Date of appointment refers to the date of completion of registration and filing with the relevant administration for market regulation in the PRC.

EXECUTIVE DIRECTORS

Ms. Wei Qiong (魏瓊), aged 42, one of our co-founders, is our executive Director, general manager of our Company and the chairperson of our Board. She co-founded our Group in January 2018 and served as the general manager and supervisor of our Company. Due to internal arrangements, Ms. Wei resigned as a supervisor and was appointed as an executive Director of our Company in March 2020. She has been appointed as the chairperson of our Board since March 26, 2021. Ms. Wei is primarily responsible for facilitating the development and effectively driving the execution of our Company’s strategic initiatives, overseeing key decision-making processes, and ensuring proper authorization to drive organizational growth and success.

Ms. Wei has over 15 years of extensive experience in the energy industry. Prior to co-founding our Group, from June 2006 to December 2015, Ms. Wei worked at State Grid Shanghai Electric Power Company, a state-owned company that principally manages Shanghai’s electricity generation, transmission, distribution, and maintenance, ensuring reliable power supply for the city’s energy needs. From December 2015 to January 2018, Ms. Wei worked at Westhouse Kongneng Enterprise (Shanghai) Co., Ltd., a company that invests in new energy vehicle charging stations, manufactures and sells electrical machinery including charging pile equipment, develops renewable energy technology, constructs infrastructure, and provides import, export, marine, and offshore engineering services.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Wei obtained her bachelor’s degree in communication engineering from Shanghai University of Electric Power in the PRC in July 2006. She further obtained her Master of Business Administration from Arizona State University in the United States in August 2024.

Ms. Wei was a supervisor of the companies below which were dissolved by way of deregistration during the period when Ms. Wei was one of its supervisors. The relevant details are as follows:

Name of company	Place of establishment	Nature of business before dissolution	Means of dissolution	Date of dissolution	Reason for dissolution
Shanghai Meisheng Intelligent Technology Co., Ltd. . . .	The PRC	Technology development and sales in energy and instrumentation fields.	Dissolved by deregistration	January 12, 2022	Cessation of business
Shanghai Chufu Intelligent Technology Co., Ltd. . . .	The PRC	Technology development and sales in electronics, automotive, and consumer products.	Dissolved by deregistration	December 6, 2021	Cessation of business

As confirmed by Ms. Wei, each of these companies was inactive and solvent at the time when they were dissolved and so far as she was aware, the dissolution of these companies has not resulted in any liability or obligation being imposed against her.

Ms. Wei is one of our Controlling Shareholders. See “Substantial Shareholders” for details on her shareholding.

Dr. Yan Xiao (嚴曉), aged 66, one of our co-founders, is our executive Director and our chief scientist. Dr. Yan co-founded our Group and was first appointed as a Director in January 2018. Since January 2018, he served as the chief scientist of our Company, a position which he still held as of the Latest Practicable Date. Due to internal arrangements, Dr. Yan resigned as a Director in March 2020 and served as a supervisor of our Company from March 2020 to March 2021. Dr. Yan has been re-appointed as a Director since March 26, 2021. Dr. Yan is primarily responsible for the research and development of advanced technologies in relation to safety pre-diagnosis for power batteries, alongside with product strategy formulation.

Dr. Yan has over 25 years of research and development and corporate management experience in the energy industry. Dr. Yan has been serving as the president of Shanghai Volta Institute of Energy Storage since November 2022 and the legal representative and executive Director at Fuda Lingzhi (Shanghai) Energy Co., Ltd. since November 2024, which is wholly owned by Shanghai Volta Institute of Energy Storage and focuses on the study of and research and development in the battery industry.

From August 1992 to February 1998, Dr. Yan served as a doctoral supervisor and an assistant professor at the Hong Kong University of Science and Technology. From September 2006 to August 2008, Dr. Yan served as the director of the technology transfer centre at Suzhou Institute of Nano-tech and Nano-Bionics (SINANO), Chinese Academy of Sciences. From October 2009 to September 2012, Dr. Yan served as a director of Chinese American Semiconductor Professional Association. From August 2008 to September 2014, Dr. Yan served as the director of the Silicon Valley Office at Suzhou Institute of Nanotechnology. From August 2014 to May 2019, Dr. Yan served as the professor at Shanghai University of Engineering Science.

Dr. Yan obtained his bachelor’s degree in physics from Peking University in the PRC in April 1982. He then participated in the China-U.S. Physics Examination and Application (CUSPEA) Program, before he thereafter pursued and obtained his doctoral degree in physics from University of Pennsylvania in May 1989.

DIRECTORS AND SENIOR MANAGEMENT

Dr. Yan was a director of the company below which was dissolved by way of deregistration during the period when Dr. Yan was one of its directors. The relevant details are as follows:

Name of company	Place of incorporation	Nature of business before dissolution	Means of dissolution	Date of dissolution	Reason for dissolution
Jiaxing Mason Energy Storage Equipment Co., Ltd. . . .	The PRC	Development and sales of energy and cloud equipment.	Dissolved by deregistration	October 15, 2020	Cessation of business
Shanghai Meisheng Intelligent Technology Co., Ltd. . . .	The PRC	Technology development and sales in energy and instrumentation fields.	Dissolved by deregistration	January 12, 2022	Cessation of business

As confirmed by Dr. Yan, the company was inactive and solvent at the time when it was dissolved and so far as he was aware, the dissolution of the company has not resulted in any liability or obligation being imposed against him.

Dr. Yan is one of our Controlling Shareholders. See “Substantial Shareholders” for details on his shareholding.

Dr. Liu Shuangyu (劉雙宇), aged 40, is our executive Director and president of our Company. He has served as the president at our Company since May 2023 and has been appointed as our executive Director since October 2025. He first joined our Group in October 2022 as the general manager of Zhejiang Makesense, a position he still held as of the Latest Practicable Date. Dr. Liu is primarily responsible for the day-to-day management of our Company’s operations and overseeing the electricity trading operations and the development of large-scale energy trading models, and concurrently manages our Company’s marketing, operations and efficiency divisions.

Prior to joining our Group, Dr. Liu has over five years of research and development experience in the battery and energy field. From August 2015 to January 2020, Dr. Liu served as a research and development engineer at State Grid Smart Grid Research Institute Co., Ltd. (國網智能電網研究院有限公司, formerly known as 全球能源互聯網研究院有限公司), a company that focuses on electricity transmission, smart grids, clean energy and energy technologies. From March 2020 to July 2022, Dr. Liu served as the deputy general manager of the energy storage business division at Zhejiang Creaway Automation Engineering Co., Ltd., a company that is principally engaged in energy digitalization services and software development.

Dr. Liu obtained his bachelor’s degree in materials science and engineering from Zhejiang University in the PRC in June 2010. He further obtained his doctoral degree in materials science and engineering from Zhejiang University in June 2015.

NON-EXECUTIVE DIRECTORS

Dr. Zhou Hongbin (周宏斌), aged 52, is our non-executive Director. He has been appointed to the position at our Company since October 2025. He provides decision-making and strategic recommendations to our Company’s overall business strategy.

Dr. Zhou has over 25 years of experience in finance. He has been the chief operating officer of Legend Capital Co., Ltd. since January 2025, a position he still held as of the Latest Practicable Date. From August 2000 to November 2001, he served as the deputy manager of consulting at Shanghai Jingbo Information Security Technology Co., Ltd. (上海鯨鉑信息安全技術有限公司, formerly known as 上海方正信息安全技術有限公司), a company that focuses on the development of hardware and software of calculators. From November 2001 to January 2005, he served as the strategic investment manager at Shanghai Fosun High Technology (Group) Co., Ltd..

DIRECTORS AND SENIOR MANAGEMENT

Dr. Zhou has worked at Legend Capital Co., Ltd. since May 2005, where he first served as the investment manager and was gradually promoted to his current position of chief operating officer. From March 2021 to June 2024, Dr. Zhou has also served as the non-executive director at Atour Lifestyle Holdings Limited, a company whose shares are listed on the NASDAQ Exchange (stock code: ATAT). Dr. Zhou has been serving in the capacity as a non-executive director (i) at Constant Cypress Limited since October 2015, (ii) at Sino Glow Limited since February 2016, (iii) at Shanghai Cell Therapy Group Co., Ltd. since September 2016, (iv) at Ningbo Newbay Technology Development Co., Ltd., a company that is principally engaged in development of pharmaceutical technologies, since August 2017, (v) at Xinrongmao Fruit Industry Technology Group Co., Ltd., a company which specialises in distribution of fruit products, since February 2019, (vi) at Jiangsu Recbio Technology Co., Ltd., a company whose shares are listed on the Stock Exchange (stock code: 2179.HK), since November 2020, (vii) at Triapex Laboratories Co., Ltd. since March 2023, (viii) at Clinchoice Medical Development Limited since January 2025, (ix) at ClinChoice Medical (Tianjin) Co., Ltd. since January 2025, and (x) at Hangzhou Shenrui Intelligent Medical Technology Co., Ltd. since October 2025. Dr. Zhou has been serving as a supervisor at China Southern Air Logistics Company Limited since February 2021.

He graduated from Wuhan Technical University of Surveying and Mapping in the PRC with a major in urban development and construction in July 1994. He then obtained his master’s degree in engineering from Wuhan University in the PRC in June 1997. He subsequently obtained his doctoral degree in management from Fudan University in the PRC in July 2000.

Dr. Zhou was a director of the company below which were dissolved by way of deregistration during the period when Dr. Zhou was one of its directors. The relevant details are as follows:

Name of company	Place of incorporation	Nature of business before dissolution	Means of dissolution	Date of dissolution	Reason for dissolution
GENTLE VANTAGE LIMITED	Hong Kong	Investment holding	Dissolved by deregistration	July 30, 2021	Cessation of business

As confirmed by Dr. Zhou, the company was inactive and solvent at the time when it was dissolved and so far as he was aware, the dissolution of the company has not resulted in any liability or obligation being imposed against him.

Mr. Wang Wenjian (王文健), aged 36, is our non-executive Director. He has been appointed to the position at our Company since October 2025. He offers strategic insights and decision-making guidance to support our Company’s overall business objectives.

Mr. Wang has over 10 years of experience in finance. From July 2015 to July 2017, he served as the business assistant at Beijing State Owned Capital Operation and Management Co., Ltd., where he also served as the business manager from July 2017 to February 2020, and as the investment manager from February 2020 to November 2021. Since December 2021, Mr. Wang has been serving as the vice president of investment at Beijing Jingguorui Equity Investment Fund Management Co., Ltd., a subsidiary of Beijing State Owned Capital Operation and Management Co., Ltd., a position which he still held as of the Latest Practicable Date.

Mr. Wang obtained his bachelor’s degree in economics from the school of economics at Peking University in the PRC in July 2013. He further obtained his master’s degree in economics from Peking University in the PRC in July 2015.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Lee Sai Hong (李世康), aged 36, is our non-executive Director. He has been appointed to the position at our Company since February 2026. He oversees company management, participates in decision-making, and provides professional consultation.

Mr. Lee has over 10 years of experience in finance. From June 2014 to July 2019, he served as the vice president at Credit Suisse (Hong Kong) Limited. From July 2019 to March 2021, he served as the assistant director of corporate development and investment at CTF Services Limited, a company whose shares are listed on the Stock Exchange (stock code: 659.HK), where he also served as the assistant general manager from April 2021 to September 2021. He has also been serving as the consultant since October 2021, a position he still held as of the Latest Practicable Date. Since September 2023, he has been serving as the senior vice president of the private equity investment department at Chow Tai Fook Enterprises Limited, a position he still held as of the Latest Practicable Date. Since 2019, he served as the partner at Creo Capital Limited, where he led and participated in notable projects related to the new energy industry including our Company. Since 2025, he served as the legal representative at Chow Tai Fook New Energy (Shanghai) Co., Limited, where he participated in acquiring and integrating of assets relating to the energy industry.

Mr. Lee obtained his bachelor’s degree in business administration (finance) from Carnegie Mellon University in the United States in August 2011. He then obtained his Juris Doctor of Law degree from the Chinese University of Hong Kong in November 2015.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Huang Yongzhong (黃永忠), aged 57, is our independent non-executive Director. He has been appointed to the position at our Company since April 2026.

Mr. Huang served as a member of the M&A team within the investment banking division at Schroders from 1995 to 2000. He then served as the chief representative for Shanghai at Merrill Lynch from 2000 to 2001. From 2001 to 2004, he was the chief representative for Shanghai at AIG Global Investment Group. Subsequently, from 2004 to 2014, he served as a global partner at Pantheon. During his tenure, he was a partner responsible for Pantheon’s Asia Pacific investment business. Mr. Huang is also the founder of Juntong Investment Management (HK) Co., Ltd. since 2014, a position which he still held as of the Latest Practicable Date.

Mr. Huang graduated from the Shanghai University of Finance and Economics in the PRC with a major in finance from 1987 to 1991. From 2013 to 2015, he completed his Executive MBA in Finance at the PBC School of Finance, Tsinghua University, the PRC.

Ms. Cui Jizi (崔吉子), aged 61, is our independent non-executive Director. She has been appointed to the position at our Company since April 2026.

Ms. Cui first served as the associate professor at the Law School of East China University of Political Science and Law in July 2004, and was later promoted as a professor in July 2013, a position which she still held as of the Latest Practicable Date. She was also appointed as a doctoral supervisor in September 2015. She has been serving as the vice president of the Korea-China Society of Law (Korea) since February 2022, where she also serves as the editor-in-chief of the Korean journal China Law Review, both of which are positions she still holds as of the Latest Practicable Date.

Ms. Cui is experienced in corporate governance matters. Ms. Cui obtained her independent director qualification issued by Shanghai Stock Exchange in July 2022. Since May 2022, she has been serving as the independent director at Jiangsu Linyang Energy Co., Ltd., a company that focuses on smart energy, energy storage and new energy products and solutions, whose shares are listed on the Shanghai Stock Exchange (stock code: 601222). Since March 2023, she has been serving as the independent director at YAPP Automotive Systems Co., Ltd., a company whose shares are listed on the Shanghai Stock Exchange (stock code: 603013).

DIRECTORS AND SENIOR MANAGEMENT

Ms. Cui graduated from Northeast Normal University in PRC with a major in law in July 1988 and obtained her Master of Law from Tianjin Normal University in PRC in June 1993. She then obtained her Doctor of Law (Ph.D.) from Seoul National University, Korea, in February 2011.

Mr. Shi Yansong (施艷松), aged 43, is our independent non-executive Director. He has been appointed to the position at our Company since April 2026.

Mr. Shi served as an auditor at Zhejiang Dongfang Zhonghui Certified Public Accountants Co., Ltd. from August 2004 to October 2006. From October 2006 to June 2013, he served as the auditing manager at Deloitte Touche Tohmatsu Certified Public Accountants LLP. From October 2015 to December 2021, he served as the finance director at Great Rich Technologies Limited, a company principally engaged in manufacturing and sales of optical moulds and electronic materials. Since January 2022, Mr. Shi has been serving as the company secretary and finance director at Anhui Yingfa Ruineng Technology Co., Ltd. now known as Sichuan Yingfa Ruineng Technology Co., Ltd., a company principally engaged in PV cell manufacturing.

Mr. Shi obtained his bachelor’s degree in management at Shandong Finance and Economics Institute (currently known as Shandong University of Finance) in PRC with a major in accounting in PRC in July 2004. Mr. Shi has been a member of the Chinese Institute of Certified Public Accountants since April 2005.

SENIOR MANAGEMENT

The following table sets out certain information regarding the members of senior management of our Company:

Name	Age	Position(s)	Date of joining our Group	Date of first appointment as our senior management member/director	Roles and responsibilities	Relationship with other Directors or Senior Management
Ms. Wei Qiong (魏瓊)	42	Executive Director, General Manager and Chairperson of the Board	January 2018	March 24, 2020	Developing and driving the execution of our Company’s strategy, major decision-making, and authorization.	None
Dr. Liu Shuangyu (劉雙宇)	40	Executive Director, President and General manager for Zhejiang Makesense	October 2022	October 27, 2022	Day-to-day management of our Company’s operations, development of large-scale models for energy trading and operation of electricity trades	None
Mr. Xue Erbai (薛爾白)	40	Vice President, Chief Financial Officer, secretary of the Board and Joint Company Secretary	October 2022	October 24, 2022	Capital operations, financial management, and legal and internal control management	None

DIRECTORS AND SENIOR MANAGEMENT

For the biographies of Ms. Wei and Dr. Liu, see the paragraph headed “— Executive Directors” in this section.

Mr. Xue Erbai (薛爾白), aged 40, is our vice president, chief financial officer, secretary of the Board and joint company secretary.

Mr. Xue has over 10 years of experience in finance. Mr. Xue commenced his career in our Group in October 2022, where he served as the assistant to the chairperson of the Board. He was later appointed as the chief financial officer in our Group in January 2023, a position which he still held as of the Latest Practicable Date. Since November 2024, Mr. Xue has been appointed as the vice president of our Company. Since December 2025, Mr. Xue assumed the role of the secretary of the Board. He is also the director of two of our subsidiaries. He was one of our Directors from October 2025 until his resignation in April 2026.

From December 2010 to December 2013, Mr. Xue served as an auditor at Deloitte Touche Tohmatsu CPA Ltd.. From December 2016 to November 2019, he served as the senior audit manager at Shenzhen Capital Group Co., Ltd.. From November 2019 to October 2022, he served as the chief financial officer at Shenzhen Sinovatio Technology Co., Ltd., a company that focuses on telecommunication operations, whose shares are listed on the Shenzhen Stock Exchange (stock code: 002912).

Mr. Xue obtained his bachelor’s degree in engineering from Soochow University in the PRC in June 2008. He then obtained his master’s degree in electronical engineering and information technology from Fachhochschule Rosenheim in Germany in October 2010. He later obtained his Master of Professional Accountancy from Georgia State University in the United States in January 2016.

GENERAL

Save as disclosed above, each of our Directors confirms with respect to himself or herself that he or she (1) did not hold any other directorships in the three years prior to the Latest Practicable Date in any public companies of which the securities are listed on any securities market in Hong Kong and/or overseas; and (2) there are no other matters concerning our Directors’ appointment that need to be brought to the attention of our Shareholders and the Stock Exchange or required be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

Save as disclosed in “Statutory and General Information — C. Further Information about Our Directors and Substantial Shareholders — 1. Disclosure of Interests of our Directors and Chief Executive,” each of our Directors confirms with respect to himself or herself that he or she did not hold any interest in our Shares which would be required to be disclosed pursuant to Part XV of the SFO.

Save as disclosed above and in this document, each of our Directors confirms with respect to himself or herself that he or she had no other relationship with any Directors, senior management or substantial shareholders of our Company as of the Latest Practicable Date.

JOINT COMPANY SECRETARIES

Mr. Xue Erbai (薛爾白) is one of the joint company secretaries of our Company. He is a member of our senior management. See “— Senior Management” in this section for his biography.

Ms. Chan Ching Nga (陳靜雅), was appointed as one of the joint company secretaries of our Company on April 15, 2026. Ms. Chan has over 20 years of experience in company secretarial and corporate governance fields and is currently a senior manager, Entity Solutions at Computershare Hong Kong Investor Services Limited. She obtained a master’s degree in corporate governance from The Hong Kong Polytechnic University in October 2012. Ms. Chan is an associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

DIRECTORS AND SENIOR MANAGEMENT

BOARD COMMITTEES

We have formed three board committees, namely, the audit committee of the Board (the “**Audit Committee**”), the remuneration committee of the Board (the “**Remuneration Committee**”) and the nomination committee of the Board (the “**Nomination Committee**”).

Audit Committee

Our Company established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code as set out in Appendix C1 to the Listing Rules (the “**CG Code**”). The Audit Committee consists of three members, namely Mr. Shi Yansong, Mr. Huang Yongzhong and Ms. Cui Jizi. Mr. Shi Yansong has been appointed as the chairman of the Audit Committee and is our independent non-executive Director possessing the appropriate professional qualifications. The primary duties of the Audit Committee include, but are not limited to, the following:

- proposing the appointment or change of external auditors to our Board, 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.

Remuneration Committee

Our Company established a Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the CG Code. The Remuneration Committee consists of Mr. Huang Yongzhong, Ms. Cui Jizi and Mr. Shi Yansong. Mr. Huang Yongzhong has been appointed as the chairman of the Remuneration Committee. The primary duties of the Remuneration Committee include, but are not limited to, the following:

- making recommendations to the Board on our 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.

Nomination Committee

Our Company established a Nomination Committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules and the CG Code. The Nomination Committee consists of Ms. Cui Jizi, Mr. Huang Yongzhong and Mr. Shi Yansong. Ms. Cui Jizi has been appointed as the chairperson of the Nomination Committee. The primary duties of the Nomination Committee include, but are not limited to, the following:

- conducting extensive search and providing to our Board suitable candidates for our Directors, chief executives and other members of the senior management;

DIRECTORS AND SENIOR MANAGEMENT

- reviewing the structure, size and composition (including the skills, knowledge and experience) of our Board at least annually, assisting our Board in maintaining a board skills matrix and making recommendations on any proposed changes to our Board to complement our Company’s corporate strategy;
- researching and developing standards and procedures for the election of our Board members and members of the senior management, and making recommendations to our Board;
- assessing the independence of independent non-executive Directors;
- supporting our Company’s regular evaluation of our Board’s performance; and
- dealing with other matters that are authorized by our Board.

BOARD DIVERSITY

We have adopted our board diversity policy (the “**Board Diversity Policy**”) which sets out the objectives and approaches to achieve and maintain diversity on our Board. Our Board Diversity Policy provides that our Company should endeavour to ensure that our Board members have the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of our business strategies.

We seek to achieve Board diversity through the consideration of a number of factors, including but not limited to professional experience, skills, knowledge, gender, age, cultural and education background, ethnicity and length of service. Our Nomination Committee is delegated by our Board to be responsible for monitoring our compliance with the relevant code provisions governing board diversity under the CG Code. After [REDACTED], our Nomination Committee will review our 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 our Board Diversity Policy on an annual basis.

Our Board comprises nine members, including three executive Directors, three non-executive directors and three independent non-executive Directors. Our Directors have a balanced mix of experiences, including experiences in overall management and strategic development, information technology, big data, finance, investment banking, risk control and law in addition to industry experience relevant to our Group’s operations and business. Furthermore, our Board has a diverse age and gender representation. Our Board consists of two female member and seven male members, ranging from 36 years old to 66 years old, and they are able to bring a balance of diverse perspectives to our Board. After due consideration, our Board believes that based on the meritocracy of our Directors, the composition of our Board satisfies our Board Diversity Policy.

WAIVER GRANTED BY THE STOCK EXCHANGE

We have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirement of Rules 8.12 and 19A.15 of the Listing Rules in relation to the requirement of management presence in Hong Kong. For details of the waiver, see “Waiver from Strict Compliance with the Listing Rules — Waiver in Relation to Management Presence in Hong Kong.”

We have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirement of Rules 3.28 and 8.17 of the Listing Rules in relation to the academic or professional qualifications of our Company’s joint company secretaries. For details of the waiver, see “Waiver from Strict Compliance with the Listing Rules — Waiver in respect of Joint Company Secretaries.”

DIRECTORS AND SENIOR MANAGEMENT

CORPORATE GOVERNANCE

Our Company aims to achieve high standards of corporate governance, which are crucial to our development, and safeguard the interests of our Shareholders. Our Company expects to comply with all code provisions in the CG Code after [REDACTED] save for the below.

Code provision C.2.1 of Part 2 of the CG Code as set out in Appendix C1 to the Listing Rules recommends, but does not require, that the roles of chairman and chief executive should be separate and should not be performed by the same person. The Company deviates from this provision because Ms. Wei performs the roles of the chairperson of our Board and the general manager of the Company. Ms. Wei has devoted a significant amount of time to our Group and has extensive experience in the business operations and management of our Group. Our Board believes that vesting the roles of the chairperson of our Board and the general manager of the Company to Ms. Wei has the benefit of ensuring consistent leadership within our Group and enables more effective and efficient overall strategic planning. This structure will enable our Company to make and implement decisions promptly and effectively. Our Board considers that the balance of power and authority will not be impaired due to this arrangement. In addition, all major decisions are made in consultation with members of the Board, including the relevant Board committees, and three independent non-executive Directors. Our Board will reassess the division of the roles of the chairperson and the general manager of the Company from time-to-time, and may recommend dividing the two roles between different people in the future, taking into account the circumstances of our Group as a whole.

[REDACTED] SHARE INCENTIVE PLANS

In order to incentivize our Directors, senior management and other participants for their contribution to our Group and to attract and retain talented personnel for our Group, we adopted the [REDACTED] Share Incentive Plans. For further details, see “Statutory and General Information — D. [REDACTED] Share Incentive Plans.”

COMPENSATION OF OUR DIRECTORS AND SENIOR MANAGEMENT

Our Directors and members of our senior management receive compensation from our Company in the form of fees, salaries, allowances and benefits in kind, pension scheme contributions and discretionary bonuses.

For the years ended December 31, 2023, 2024 and 2025 the aggregate amount of emoluments paid or payable to our Directors amounted to approximately RMB6.4 million, RMB9.0 million and RMB16.0 million, respectively.

For the years ended December 31, 2023, 2024 and 2025 there were two, two and four Directors among the five highest paid individuals, respectively. The total emoluments for the remaining individuals among the five highest paid individuals for the years ended December 31, 2023, 2024 and 2025 amounted to approximately RMB5.0 million, RMB5.7 million and RMB2.5 million, respectively.

It is estimated that remuneration equivalent to approximately RMB8.0 million (including fees, salaries, allowances and benefits in kind, pension scheme contributions and discretionary bonuses) in aggregate will be paid and granted to our Directors by us in respect of the financial year ending December 31, 2026 under the arrangements in force at the date of this document.

No remuneration was paid or payable by us to our Directors or the five highest paid individuals as an inducement to join or upon joining us or as a compensation for loss of office in respect of the years ended December 31, 2023, 2024 and 2025. Further, none of our Directors had waived or agreed to waive any remuneration during the same period.

Save as disclosed above, no other payments have been made or are payable in respect of the years ended December 31, 2023, 2024 and 2025 by our Group to our Directors.

DIRECTORS AND SENIOR MANAGEMENT

Our Board will review and determine the remuneration and compensation packages of our Directors and senior management which, following the [REDACTED], will receive recommendation from our Remuneration Committee which will take into account salaries paid by comparable companies, time commitment and responsibilities of our Directors and the performance of our Group.

CONFIRMATION FROM OUR DIRECTORS

Rule 3.09D of the Listing Rules

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to in Rule 3.09D of the Listing Rules on March 16, 2026, and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors confirms (i) his or her independence with regard to each of the factors referred to in Rule 3.13(1) to (8) of the Listing Rules; (ii) that he or she has no past or present financial or other interest in the business of our Company or its subsidiaries or any connection with any core connected person of our 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.

Rule 8.10 of the Listing Rules

Each of our Directors confirms that as of the Latest Practicable Date, he or she did not have any interest in a business which competes or is likely to compete, either directly or indirectly, with our Company's business which would require disclosure under Rule 8.10 of the Listing Rules.

COMPLIANCE ADVISOR

We have appointed Altus Capital Limited as our compliance advisor upon [REDACTED] of our Shares on the Stock Exchange in compliance with Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Advisor will provide advice to us when consulted by us in the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;
- 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;
- where we propose to use the [REDACTED] of the [REDACTED] in a manner different from that detailed in this document or where our business activities, developments or results deviate from any forecast, estimate, or other information in this document; and
- where the Stock Exchange makes an inquiry of our Company concerning unusual movements in the [REDACTED] or [REDACTED] volume of our Shares, the possible development of a false [REDACTED] in our Shares, or any other matters in accordance with Rule 13.10 of the Listing Rules.

The term of the appointment of Altus Capital Limited as our compliance advisor shall commence on the [REDACTED] and end on the date on which our Company distributes its annual report in respect of its financial results for the first full financial year commencing after the [REDACTED] and this appointment may be subject to extension by mutual agreement.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS GROUP

As of the Latest Practicable Date, (1) Ms. Wei controls approximately 31.59% of the voting rights of the Company through (i) direct beneficial interest amounting to 14.48% of our total issued Shares, and (ii) Shanghai Tuxin, a platform holding Shares for the [REDACTED] Share Incentive Plans of the Group in which the entire voting rights were exercised under the instruction of Ms. Wei, which held 17.11% of our total issued Shares; and (2) Dr. Yan has a direct beneficial interest amounting to 8.84% of our total issued Shares. On June 18, 2020, Ms. Wei and Dr. Yan entered into the Concert Party Deed, pursuant to which, when exercising their respective shareholders rights in shareholders’ meetings and Board meetings, it was agreed that Ms. Wei and Dr. Yan shall act in complete concert in daily management of the Company and exercise of voting rights in as a shareholder and as a director. In the event of disagreement in relation to the management of our Company, Dr. Yan shall act in accordance with Ms. Wei’s direction. In the event of disagreement in relation to the technical aspects of our operation, Ms. Wei shall act in accordance with Dr. Yan’s direction.

Accordingly, Ms. Wei, her controlled entity, Shanghai Tuxin and Dr. Yan constitute our group of controlling shareholders (the “**Controlling Shareholders Group**”) as of the Latest Practicable Date, who collectively held approximately 40.43% of our total issued Shares.

Immediately following the completion of the [REDACTED] and assuming that no new Shares are issued under the [REDACTED], our Controlling Shareholders Group will be entitled to collectively control the exercise of approximately [REDACTED]% of the total voting rights of our Company.

As of the Latest Practicable Date, none of the members of the Controlling Shareholders Group, its close associates and our Directors had any interest in any business which competes or is likely to compete, directly or indirectly, with our businesses which would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Management independence

Our business is managed and conducted by our Board and senior management. Upon the [REDACTED], our Board will consist of nine Directors, comprising three executive Directors, three non-executive Directors and three independent non-executive Directors, and we also have one additional senior management member (who is not a Director). Each of our Directors and senior management members possesses relevant management, financial or industry-related experience to contribute to the management of our business. For details on the qualifications and experience of our Directors and senior management, see “Directors and Senior Management”.

Our Directors consider that our Board and senior management will function independently of the Controlling Shareholders Group after the [REDACTED] because:

- (a) each Director is aware of his/her fiduciary duties as a Director which require, among other things, that he/she acts for the benefit and in the interest of our Company and does not allow any conflict between his/her duties as a Director and his personal interests;
- (b) our daily management and operations are carried out by our executive Directors and the members of our senior management team, all of whom have substantial experience in the industry in which our Company is engaged, and will therefore be able to make business decisions that are in the best interests of our Group;

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (c) we have three independent non-executive Directors, representing one-third of the Board. The independent non-executive Directors will represent an element of independence at the board level, and certain matters of our Company must always be referred to the independent non-executive Directors for review, to protect the interests of our Company and the Shareholders as a whole; and
- (d) we have adopted other corporate governance measures to manage potential conflicts of interest, if any, between our Group and our Controlling Shareholders Group, which would enhance our independent management. See "— Corporate Governance Measures."

Based on the above, our Directors believe that our Board as a whole and together with our senior management team are able to perform the managerial role in our Group independently from our Controlling Shareholders Group.

Operational independence

Our Group is operationally independent from our Controlling Shareholders Group. Our Company (through our subsidiaries) holds all relevant licenses necessary to carry out our business operations. We own or are legally licensed to use all relevant intellectual property and own facilities necessary to carry on our business. We have sufficient capital, facilities, equipment and employees to operate our business independently from our Controlling Shareholders Group. We also have independent access to our customers and independent departments, each with specific areas of responsibilities. We have adopted a set of internal control procedures to maintain effective and independent operation of our business.

In addition, we have established our internal organizational and management structure which includes shareholders' meetings, our Board and other committees, and formulated the terms of reference of these bodies in accordance with the requirements of the applicable laws and regulations, the Listing Rules and the Articles of Association, so as to establish a regulated and effective corporate governance structure.

Based on the above, our Directors believe that our business is operationally independent of our Controlling Shareholders Group.

Financial independence

We have an independent financial system and make financial decisions according to our Group's own business needs. We have internal control and accounting systems and an independent finance department for discharging the treasury function. We have sufficient capital to operate our business independently, and have adequate internal resources and working capital to support our daily operations. We do not expect to rely on the Controlling Shareholders Group and their close associates for financing after the [REDACTED] as we expect that our working capital will be funded by cash flows generated from operating activities, equity financing, bank loans as well as the [REDACTED] from the [REDACTED].

In addition, we are capable of obtaining financing from independent third parties without relying on any guarantee or security provided by the Controlling Shareholders Group or their respective close associates. As of the Latest Practicable Date, there were certain outstanding guarantees provided by members of the Controlling Shareholders Group. See note 38 to the Accountants' Report in Appendix I. We expect that the outstanding guarantees provided by members of the Controlling Shareholders Group would be released upon the [REDACTED].

Based on the above, our Directors are of the view that we are able to maintain financial independence from our Controlling Shareholders Group.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

CORPORATE GOVERNANCE MEASURES

Our Directors recognize the importance of good corporate governance in protecting our Shareholders' interests. We have adopted the following measures to ensure good corporate governance standards and to avoid potential conflicts of interest between our Group and our Controlling Shareholders Group:

- (a) under the Articles, where a Shareholders' meeting is held to consider proposed transactions in which our Controlling Shareholders Group or any of its associates are, under the Listing Rules, required to abstain, member(s) of the Controlling Shareholders Group shall abstain from voting and their votes shall not be counted in respect of such transactions;
- (b) our Company has established internal control mechanisms to identify connected transactions. Upon the [REDACTED], if our Company enters into connected transactions with any member of the Controlling Shareholders Group or any of their respective associates, our Company will comply with the applicable requirements under the Listing Rules;
- (c) in the event that our independent non-executive Directors are requested to review any conflict of interest between our Group and our Controlling Shareholders Group, our Controlling Shareholders Group shall provide the independent non-executive Directors with all necessary information and our Company shall disclose the decisions of the independent non-executive Directors either in its annual reports or by way of announcements;
- (d) our Controlling Shareholders Group will provide all information necessary, including all relevant financial, operational and market information and any other necessary information as required by the independent non-executive Directors for the purpose of their annual review;
- (e) where our Directors reasonably request the advice of independent professionals, such as financial advisors, the appointment of such independent professionals will be made at our Company's expense;
- (f) we have appointed Altus Capital Limited as our compliance advisor to provide advice and guidance to us in respect of compliance with the applicable laws and regulations, as well as the Listing Rules, including various requirements relating to corporate governance; and
- (g) we have established our audit committee, remuneration committee and nomination committee with written terms of reference in compliance with the Listing Rules and the Code of Corporate Governance and Corporate Governance Report in Appendix C1 to the Listing Rules.

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 Group and our Controlling Shareholders Group, and to protect our minority Shareholders' interests after the [REDACTED].

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the [REDACTED] (without taking into account any H Shares which may be issued pursuant to the exercise of the [REDACTED]), the following persons will have an interest or a short position in our Shares or underlying Shares which will be required to be disclosed to us and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name of Shareholder	Nature of Interest	Type of Shares	As of the Latest Practicable Date ⁽¹⁾		Type of Shares	Immediately after completion of the Share Subdivision and the [REDACTED] (without taking into account any H Shares which may be issued pursuant to the exercise of the [REDACTED]) ⁽¹⁾	
			Number	Approximate Percentage		Number	Approximate Percentage
Ms. Wei	Interest in controlled corporation ⁽²⁾	Domestic Shares	2,202,630	17.11%	[REDACTED]	[REDACTED]	[REDACTED]
	Beneficial owner	Domestic Shares	1,863,382	14.48%	[REDACTED]	[REDACTED]	[REDACTED]
	Concert Party Interest ⁽³⁾	Domestic Shares	1,138,382	8.84%	[REDACTED]	[REDACTED]	[REDACTED]
Shanghai Tuxin	Beneficial owner ⁽²⁾	Domestic Shares	2,202,630	17.11%	[REDACTED]	[REDACTED]	[REDACTED]
Dr. Yan	Beneficial owner	Domestic Shares	1,138,382	8.84%	[REDACTED]	[REDACTED]	[REDACTED]
	Concert Party Interest ⁽³⁾	Domestic Shares	4,066,012	31.59%	[REDACTED]	[REDACTED]	[REDACTED]
Suzhou Junlian	Beneficial owner ⁽⁴⁾	Domestic Shares	1,667,879	12.96%	[REDACTED]	[REDACTED]	[REDACTED]
Lhasa Junqi Enterprise Management Co., Ltd. (拉薩君祺企業管理有限公司) (“ Lhasa Junqi ”)	Interest in controlled corporation ⁽⁵⁾	Domestic Shares	2,421,414	18.81%	[REDACTED]	[REDACTED]	[REDACTED]
Legend Capital Management Co. Ltd. (君聯資本管理股份有限公司) (“ Legend Capital ”)	Interest in controlled corporations ⁽⁵⁾	Domestic Shares	2,421,414	18.81%	[REDACTED]	[REDACTED]	[REDACTED]
Beijing Juncheng Hezhong Investment Management Partnership (Limited Partnership) (北京君誠合眾投資管理合夥企業(有限合夥)) (“ Juncheng Hezhong ”)	Interest in controlled corporations ⁽⁵⁾	Domestic Shares	2,421,414	18.81%	[REDACTED]	[REDACTED]	[REDACTED]
Beijing Junqi Jiarui Enterprise Management Limited (北京君祺嘉睿企業管理有限公司) (“ Junqi Jiarui ”)	Interest in controlled corporations ⁽⁵⁾	Domestic Shares	2,421,414	18.81%	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Chen Hao	Interest in controlled corporation ⁽⁴⁾⁽⁵⁾	Domestic Shares	2,421,414	18.81%	[REDACTED]	[REDACTED]	[REDACTED]

SUBSTANTIAL SHAREHOLDERS

Notes:

- (1) All interests are held in long positions. The number of Shares as of the Latest Practicable Date is the number assuming the Share Subdivision is completed. Please see “History, Development and Corporate Structure” for details of the Share Subdivision.
- (2) By virtue of the SFO, Ms. Wei is deemed to be interested in 2,202,630 Shares through Shanghai Tuxin, a limited partnership established and registered under the laws of the PRC, of which Ms. Wei is the executive management partner.
- (3) Pursuant to the Concert Party Deed, each of Ms. Wei and Dr. Yan is deemed to be interested in the Shares held by each other under Part XV of the SFO.
- (4) Suzhou Junlian is a limited partnership established and registered in the PRC. As of the Latest Practicable Date, it is controlled by Mr. Chen Hao. For further details on Suzhou Junlian, see “History, Development and Corporate Structure — [REDACTED] Investments — 4. Information relating to our [REDACTED] Investors” in this document.
- (5) The general partner of each of Suzhou Junlian, SH Junlian and BJ Junlian is Lhasa Junqi, which is a wholly-owned subsidiary of Legend Capital. Legend Capital is deemed to be interested in the Shares held by Suzhou Junlian, SH Junlian and BJ Junlian under the SFO. Legend Capital is owned as to 80% by Juncheng Hezhong, and as to 20% by Legend Holdings Corporation (聯想控股股份有限公司). Juncheng Hezhong is controlled by its general partner Junqi Jiarui, which is in turn held as to 40% by Mr. Chen Hao (陳浩). Therefore, Mr. Chen Hao is deemed to be interested in the Shares held by Suzhou Junlian, SH Junlian and BJ Junlian under the SFO. Each of SH Junlian and BJ Junlian held 3.90%, and 1.95% of the Shares of our Company as at the Latest Practicable Date, respectively. For further details, see “History, Development and Corporate Structure — [REDACTED] Investments — 4. Information relating to our [REDACTED] Investors” in this document.

Save as disclosed above and in “Statutory and General Information — C. Further Information about Our Directors and Substantial Shareholders — 1. Disclosure of Interests of our Directors and Chief Executive” in Appendix VI, our Directors are not aware of any person who will, immediately following the completion of the [REDACTED] and without taking into account any H Shares which may be issued pursuant to the exercise of the [REDACTED], have an interest or a short position in the Shares or underlying Shares which will be required 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 share capital carrying rights to vote in all circumstances at general meetings of our Company.

SHARE CAPITAL

BEFORE THE [REDACTED]

As of the Latest Practicable Date, the registered share capital of our Company was 12,871,903 comprising of 12,871,903 Domestic Shares with a nominal value of RMB1.00 each. Immediately before the [REDACTED], the ordinary shares of the Company will be split on a one for ten basis, and the aforementioned registered share capital of the Company of RMB12,871,903 will be divided into 128,719,030 Shares of nominal value RMB0.1 each.

UPON COMPLETION OF THE [REDACTED]

Immediately upon completion of the Share Subdivision, the [REDACTED] and the [REDACTED] of Domestic Shares into H Shares, assuming the [REDACTED] is not exercised, the share capital of our Company will be as follows:

Description of shares	Number of Shares	Approximate percentage of issued share capital after the [REDACTED]
Domestic Shares in issue	[REDACTED]	[REDACTED]%
H Shares to be [REDACTED] from Domestic Shares	[REDACTED]	[REDACTED]%
H Shares to be [REDACTED] pursuant to the [REDACTED]	[REDACTED]	[REDACTED]%
Shares in total	[REDACTED]	100.0%

Immediately upon completion of the Share Subdivision, the [REDACTED] and the [REDACTED] of Domestic Shares into H Shares, assuming the [REDACTED] is exercised in full, the share capital of our Company will be as follows:

Description of shares	Number of Shares	Approximate percentage of issued share capital after the [REDACTED]
Domestic Shares in issue	[REDACTED]	[REDACTED]%
H Shares to be [REDACTED] from Domestic Shares	[REDACTED]	[REDACTED]%
H Shares to be [REDACTED] pursuant to the [REDACTED]	[REDACTED]	[REDACTED]%
Shares in total	[REDACTED]	100.0%

DOMESTIC SHARES AND H SHARES

Upon the completion of the [REDACTED], our Shares will consist of Domestic Shares and H Shares. Domestic Shares and H Shares are all ordinary Shares in the share capital of our Company and are considered as one class of Shares. Apart from certain qualified domestic institutional investors in the PRC, the qualified PRC investors under the [REDACTED] and the [REDACTED] and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon filing with any competent authorities, H Shares generally cannot be subscribed for by or traded between legal or natural PRC persons.

Domestic Shares and H Shares are regarded as one class of Shares under our Articles of Association and shall rank *pari passu* with each other in all respects and, in particular, will rank equally for dividends or distributions declared, paid or made. All dividends in respect of the H Shares are to be paid by us in Hong Kong dollars or in the form of H Shares.

SHARE CAPITAL

[REDACTED] OF DOMESTIC SHARES INTO H SHARES

Pursuant to the regulations prescribed by the securities regulatory authorities of the State Council and the Articles of Association, our Domestic Shares may be converted into overseas-listed Shares. Such converted Shares could be listed or traded on an overseas stock exchange, provided that prior to the conversion and trading of such Shares, any requisite internal approval process has been duly completed and all the filing procedures with relevant PRC regulatory authorities, including the CSRC are followed. In addition, such conversion and trading shall comply with the regulations, requirements and procedures prescribed by the relevant overseas stock exchange. If any of our Domestic Shares are to be [REDACTED], [REDACTED] and [REDACTED] as H Shares on the Stock Exchange, such [REDACTED], [REDACTED] and [REDACTED] will be undertaken upon completion of the filing procedures with the CSRC and the approval of the Stock Exchange.

Filing with the CSRC for Full Circulation

In accordance with the Guidelines for Applying “Full Circulation” for Domestic Unlisted Shares of H-share Listed Companies (H股公司境內未上市股份申請「全流通」業務指引), the Trial Administrative Measures and the relevant five guidelines announced by the CSRC, H-share listed companies which apply for the conversion of domestic unlisted shares into H shares for listing and circulation on the Stock Exchange shall conform to relevant regulations promulgated by the CSRC, and authorize the company to file with the CSRC on their behalf.

Our Company has applied for a [REDACTED] filing when filing with the CSRC on [●], 2026 for our overseas [REDACTED] on the Stock Exchange. Our Company has received the filing notice from the CSRC dated [●], pursuant to which, a total of [REDACTED] Domestic Shares (with a nominal value of RMB0.1 each) held by [REDACTED] Shareholders (the “Domestic Participating Shareholders”) were approved to be [REDACTED] into H Shares, and the relevant Shares may be [REDACTED] on the Stock Exchange upon completion of the [REDACTED]. The aforesaid shall remain effective within 12 months from the date of approval.

The [REDACTED] of Domestic Shares into H Shares will involve an aggregate of [REDACTED] Domestic Shares held by [REDACTED] out of [REDACTED] existing Shareholders, representing approximately [REDACTED]% of the total issued Shares of our Company as of the Latest Practicable Date and approximately [REDACTED]% of the total issued Shares of our Company upon completion of the Share Subdivision and the [REDACTED] (assuming the [REDACTED] is not exercised) and the [REDACTED] of Domestic Shares into H Shares.

[REDACTED] Approval by 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 [REDACTED] pursuant to the exercise of the [REDACTED]) and the [REDACTED] of Domestic Shares into H Shares which is subject to the approval by the Stock Exchange.

We will perform the following procedures for the [REDACTED] of Domestic Shares into H Shares after receiving the approval of the Stock Exchange: (1) giving instructions to our [REDACTED] regarding the relevant share certificates of the [REDACTED] H Shares; and (2) enabling the [REDACTED] H Shares to be accepted as eligible securities by [REDACTED] for deposit, clearance and settlement in the [REDACTED].

TRANSFER OF SHARES ISSUED PRIOR TO [REDACTED]

Pursuant to the PRC Company Law, the shares issued prior to any public offering of shares by a company cannot be transferred within one year from the date on which such publicly offered shares are listed and traded on the relevant stock exchange. As such, our Shares issued prior to the [REDACTED] shall not be transferred within one year from the [REDACTED].

SHARE CAPITAL

REGISTRATION OF SHARES NOT LISTED ON AN OVERSEAS STOCK EXCHANGE

In accordance with the Guidelines for Applying “Full Circulation” for Domestic Shares of H-share Listed Companies (H股公司境內未上市股份申請「全流通」業務指引), the domestic shareholders of unlisted shares shall, in accordance with the relevant rules of the CSRC, handle the transfer registration of shares, complete the procedures of share registration and stock listing in accordance with the relevant regulations of the Hong Kong market, and disclose information in accordance with the relevant law and regulations. The H-share listed company shall submit a report on the relevant situation to the CSRC within 15 days after the registration with the CSRC of the shares related to the application has been completed.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING IS REQUIRED

For details of circumstances under which our Shareholders’ general meeting is required, see “Appendix V — Summary of the Articles of Association.”

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You should read the following discussion and analysis in conjunction with our consolidated financial information and the related notes thereto included in the Accountants’ Report set out in Appendix I to this document. You should read the entire Accountants’ Report in Appendix I to this document. Our consolidated financial information has been prepared in accordance with the IFRS Accounting Standards, which may differ in material aspects from generally accepted accounting principles in other jurisdictions.

Our historical results do not necessarily indicate results expected for any future periods. The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance, which involve risks and uncertainties. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions, and expected future developments, as well as other factors that we believe are appropriate under the circumstances. However, our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth in “Risk Factors” and elsewhere in this document. For further details, see “Forward-Looking Statements.”

OVERVIEW

We are a leading AI-powered, DES-based modern electricity service provider in China. According to CIC, we are the largest modern electricity service provider in China in terms of DES asset operating scale as of December 31, 2025 with an operating scale of 799.5 MWh and market share of 7.4%. We invest in and develop DES assets and provide electricity services. We are committed to aggregating real-time dispatchable user-end power resources to deliver optimal value on DES assets and power cost savings while contributing to grid stability.

During the Track Record Period, we primarily generated revenue from DES and other asset development, while revenue from electricity services increased steadily. Our revenue fluctuated during the Track Record Period, first decreasing by 28.4% from RMB174.2 million in 2023 to RMB124.6 million in 2024, and then more than quadrupling to RMB520.0 million in 2025, as we gradually established and refined convincing business models to capitalize on the booming of DES assets. We recorded net losses of RMB291.2 million, RMB298.7 million, and RMB235.4 million in 2023, 2024, and 2025, respectively. Our non-IFRS adjusted net loss was RMB207.2 million in 2023, slightly decreased to RMB192.7 million in 2024, and further narrowed to RMB76.9 million in 2025, primarily due to substantial revenue growth attributable to expanded scale of DES assets and our efficiency enhancement initiatives during the Track Record Period. We aim to achieve profitability in the future by capitalizing on the growth of modern electricity service market, focusing on key asset investors to increase DES asset operating scale, optimizing our service offering mix and expanding electricity services, and enhancing operating efficiency. See “—Path to Profitability.”

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

General Factors

Our results of operations have been, and are expected to continue to be, affected by the following significant factors affecting the overall industry in which we operate: (i) macroeconomic conditions, (ii) global energy transformation and the growth of the overall modern electricity service market; and (iii) government policies and regulations for DES and electricity trading.

Specific Factors

Our Ability to Adapt to Market Change

Our results of operation depend on market demand and the evolving dynamics of the modern electricity service market in China. There has been a surge in electricity consumption driven by both the rapid proliferation of electric vehicles and the expansion of data centers to meet global computing power demands. This market demand growth has been further fueled by critical factors such as the integration

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of renewable energy and supportive policies relating to new energy. Against the market backdrop of a persistent mismatch between power consumption demand and supply in terms of timing and geography, the development of DES technology has propelled rapid market expansion. We expect this growth trend to continue in the future, creating favorable conditions for our business expansion and financial optimization. For details, see “Industry Overview” and “Business — Overview — Our Market Opportunities.” Therefore, our ability to anticipate, respond to, and adapt to changes in market conditions has a direct impact on our revenue growth and profitability. In particular, changes in electricity pricing mechanisms, transaction structures, and policy-driven market rules may materially affect customer decision-making, project economics, and the commercial viability of our business model.

A critical determinant of our financial resilience is our ability to rapidly adapt our business model to structural shifts in market pricing. The recent pricing volatility in key regional electricity markets in China has fundamentally reshaped the revenue economics of DES projects, transitioning returns from traditional single-source models, such as peak-valley arbitrage, to complex, multi-stream structures that combine peak-valley arbitrage, VPP participation, and electricity trading. In response, we swiftly executed strategic adjustments to our operational and contractual frameworks through in-depth market analysis and forward-looking assessments. By proactively renegotiating terms with our customers and aligning contract structures with the new revenue composition, we successfully mitigated the risk of margin compression inherent in the transition. This adaptability allows us to capture emerging income streams more effectively, stabilize our revenue base against market fluctuations, and enhance the sustainability of our earnings growth. Consequently, our capacity to adapt to market change timely serves as a key driver in maintaining robust financial performance amidst a rapidly evolving market landscape.

Our Service Offering Mix

The gross profit margin of each of our service offerings varies due to distinct charging models, nature of service, and market dynamics. Accordingly, our service offering mix could affect our overall margin profile. To capitalize on the ongoing electricity market reforms, we shifted our focus from traditional PV assets to bidirectional, dispatchable DES assets. This transition not only strengthened our core competence in the DES sector but also propelled the concurrent growth of our electricity services, which generally have higher gross profit margin than DES and other asset development. In 2023, 2024, and 2025, our gross profit margin was 2.6%, 4.2%, and 10.0%, respectively. We intend to dynamically adjust strategies for our service offering mix to maximize value creation. Looking forward, we expect the continued scale-up of electricity services will further improve our overall gross profit margin.

Our Ability to Manage Our Costs and Improve Operating Efficiency

Our cost management ability is pivotal to improving our gross profitability. Our cost of sales was RMB169.6 million, RMB119.4 million, and RMB468.1 million in 2023, 2024, and 2025, respectively, and material costs were the largest component of our cost of sales. We have implemented a rigorous procurement strategy by establishing annual framework agreements with top-tier suppliers and leveraging competitive bidding to maintain effective control over procurement costs. In addition, we have utilized our accumulated brand reputation to optimize payment terms, gradually eliminating the need for advance payments on projects. While we maintain mechanisms to manage raw material price fluctuations, our continued ability to secure favorable pricing and payment terms is a key factor in sustaining healthy cost of sales.

Our ability to manage and control our operating expenses is also critical for us to achieve profitability. Our operating expenses, comprising selling and distribution expenses, administrative expenses, and research and development expenses, were RMB170.4 million, RMB166.9 million, and RMB143.1 million in 2023, 2024, and 2025, accounting for 97.8%, 133.9%, and 27.5% of our total revenue for the same years, respectively. While our business expanded during the Track Record Period, our operating expenses decreased steadily. This trend underscores a substantial improvement in our per-capita efficiency. As we further scale our business, we expect to benefit from economies of scale to drive further enhancements in our operating efficiency. Looking ahead, we remain committed to continually improving our cost structure and operating efficiency to sustain long-term value creation.

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PATH TO PROFITABILITY

We had loss and total comprehensive loss of RMB291.2 million, RMB298.7 million, and RMB235.4 million in 2023, 2024, and 2025, respectively. Our non-IFRS adjusted net loss, which adjusts loss and total comprehensive loss for the impact of interest on redemption liabilities on ordinary shares and equity-settled share-based payment expenses, which are non-cash items, and [REDACTED] expenses, which are non-recurring, was RMB207.2 million, RMB192.7 million, and RMB76.9 million in 2023, 2024, and 2025, respectively. We were loss-making during the Track Record Period despite our disciplined level of operating expenses because we began exploring our optimal business model for the emerging modern electricity service market in 2023 and thus recorded relatively low revenue and low gross profit margin.

Our revenue was RMB174.2 million, RMB124.6 million, and RMB520.0 million in 2023, 2024, and 2025, respectively. Our relatively low revenue in 2023 and 2024 was primarily due to our strategic focus on the modern electricity service market, which is still at an early stage to date. Firstly, we discontinued any new initiatives of our prior PV asset development business in 2023 and shifted to and began focusing on DES assets as the foundation to build our electricity services. Secondly, to aggregate real-time dispatchable user-end power resources, we focused on DES asset development and explored its operating model, which was only gradually recognized by asset investors. Thirdly, our electricity services, which we position as our core business for future growth under our business model, depend on a large operating scale of DES assets and are subject to gradual opening up under electricity-related regulatory policies in various regions in China. Despite the foregoing, we achieved significant revenue growth during the Track Record Period, supported by our largest DES asset operating scale as of December 31, 2025 and prompt launches of electricity services in load-heavy regions within the parameters of the regulatory policies in China.

Our gross profit margin was 2.6%, 4.2%, and 10.0% in 2023, 2024, and 2025, respectively. Our relatively low gross profit margin during the Track Record Period was primarily due to the early stage of our development. Firstly, we strategically increased the operating scale of low-margin DES asset development to prepare for our high-margin electricity services. DES and other asset development revenue accounted for 79.0%, 66.0%, and 89.1% of our total revenue in 2023, 2024, and 2025, respectively. The gross loss margin of DES and other asset development was 5.7% in 2023. The gross profit margin of DES and other asset development was 6.5% and 10.1% in 2024 and 2025, respectively. Secondly, the high-margin electricity services presented a temporary downward trend in their gross profit margin during the Track Record Period due to their small scale and the preliminary development stage of electricity trading service. The gross profit margin of electricity services was 48.9%, 38.0%, and 22.0% in 2023, 2024, and 2025, respectively. Despite the foregoing, our financial performance in 2025 demonstrated preliminary effect of economies of scale.

Our loss-making during the Track Record Period reflects the deliberate strategies that we adopted to validate our business model and achieve leading position in a rapidly expanding market rather than inefficiency in operations. We intend to establish a clear, sustainable path to profitability primarily through the following measures.

Capitalizing on the Growth of Modern Electricity Service Market

Modern electricity services are at an early stage of development, and DES asset operating scale is instrumental to electricity services. According to CIC, the size of the DES asset operation service market increased from 0.2 GWh in 2020 to 10.7 GWh in 2025, representing a CAGR of 123.1%, and is expected to reach 123.3 GWh by 2030, representing a CAGR of 62.9% from 2025 to 2030. According to CIC, we are the largest modern electricity service provider in China in terms of DES asset operating scale as of December 31, 2025 with an operating scale of 799.5 MWh and market share of 7.4%. According to CIC, the size of China’s electricity trading service market in terms of service fee in 2025 was RMB361.3 billion while the penetration rate of electricity trading service with underlying operating DES assets is 0.04% and the size of China’s electricity trading service market is expected to reach RMB842.3 billion with the penetration rate expected to reach 0.7% in 2030. The integration of real-time dispatchable user-end power resources, primarily DES assets, with electricity trading is critical to modern electricity services.

We intend to capitalize on our market position in the market’s growth potential, and leverage our growing DES asset operating scale, which will facilitate the continued growth of our revenue.

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Focusing on Key Asset Investors to Increase DES Asset Operating Scale

We have been focusing on key asset investors to expand our DES asset operating scale and hence both the revenue base and the foundation for our electricity services. We refer to an asset investor that invests in 10 MWh or more DES assets in a given year as a key asset investor. Our DES and other asset development revenue and gross profit growth during the Track Record Period validates the preliminary success of our focus on key asset investors. As we further enhance our reputation in DES asset development, we will leverage key asset investors to reach out to more asset investors and electricity users.

During the Track Record Period, our key asset investors demonstrated a stepwise increase in number. In 2024, we had two key asset investors, from whom we generated revenue of RMB57.7 million accounting for 70.1% of DES and other asset development revenue for the year, and from whom we generated gross profit of RMB4.6 million accounting for 86.7% of DES and other asset development gross profit for the year, laying a solid foundation for our profitability model. In 2025, the number of our key asset investors increased to six, from whom we generated revenue of RMB453.3 million accounting for 97.8% of DES and other asset development revenue for the year, and from whom we generated gross profit of RMB45.3 million accounting for 96.5% of DES and other asset development gross profit for the year, continually enriching our core key investor matrix and significantly enhancing the stability, sustainability, and risk-resistance of profit contributions.

We plan to continue focusing on key asset investors to further enhance our reputation in DES asset development and thus attract additional asset investors and electricity users. Firstly, we will explore more DES asset development opportunities with our existing key asset investors. Through mutual trust built from our prior successful track record in DES asset development, we plan to increase revenue and gross profit contribution from each key asset investor and hence to solidify the foundation for future profitability. Secondly, key asset investors may refer electricity users and DES asset development projects to us, so that we not only can expand our DES asset operating scale efficiently but also increase our revenue generation certainty by securing asset investors for DES asset development projects upfront. Thirdly, our business relationships with key asset investors can enhance our leverage in other business negotiations for DES asset development, helping control our cost efficiency and leading us toward high-quality, profitability-aware growth.

Optimizing Our Service Offering Mix and Expanding Electricity Services

Our main business lines are DES asset development and electricity services. While DES asset development has been and may continue to be our largest business line, we will expand the high-margin electricity services to help us achieve profitability.

Firstly, we will leverage our preparation in prior years and expand electricity services from peak-valley arbitrage to a combination of electricity trading, peak-valley arbitrage, and VPP in key provinces in China. We have secured electricity sales qualifications across Jiangsu, Zhejiang, and Anhui, alongside VPP qualification in Zhejiang. As of December 31, 2025, we had up to approximately six billion kWh of electricity contracted for trading in 2026, which we believe validates our modern electricity service model. As private participation in electricity trading is gradually permitted in various regions in China, we will ramp up our electricity trading service within our electricity service business. Since January 1, 2026 and up to the Latest Practicable Date, we had additional 251.4 million kWh of electricity contracted for trading in 2026.

Secondly, we expect our overall gross profit margin to increase starting in 2026. As our electricity trading service expands in light of the expansion of our DES asset operating scale, its high margin profile can increase our overall gross profit margin. In addition, our AI-powered, coordinated electricity trading and DES asset operating strategies also can improve the gross profit margin of DES asset development, which in the foreseeable future would continue to be our largest business line and thus could further improve our overall gross profit margin.

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Enhancing Operating Efficiency

We had a disciplined level of operating expenses during the Track Record Period. Our operating expenses, comprising selling and distribution expenses, administrative expenses, and research and development expenses, were RMB170.4 million, RMB166.9 million, and RMB143.1 million in 2023, 2024, and 2025, accounting for 97.8%, 133.9%, and 27.5% of our total revenue for the same years, respectively. While our business expanded during the Track Record Period, our operating expenses decreased steadily. We will continue to strictly control operating expenses and optimize the structure of resource allocation.

Selling and Distribution Expenses

In 2023, 2024, and 2025, our selling and distribution expenses were RMB58.8 million, RMB49.6 million, and RMB47.6 million, accounting for 33.7%, 39.8%, and 9.2% of total revenue for the same years, respectively. We expect that our selling and distribution expenses in an absolute amount will gradually increase starting from 2026 as our business expands, and that our selling and distribution expenses as a percentage of revenue remain relatively stable starting from 2026. We will devote sales resources to heavy-load regions in China and our key asset investors to increase sales efficiency.

Research and Development Expenses

In 2023, 2024, and 2025, our research and development expenses were RMB48.3 million, RMB42.4 million, and RMB19.4 million, accounting for 27.7%, 34.0%, and 3.7% of total revenue for the same years, respectively. We expect that our research and development expenses in an absolute amount will continue to increase starting in 2026 as we began investing in AI application to support our electricity trading service and operations of DES assets, and that our research and development expenses as a percentage of revenue will remain relatively stable. Our research and development team supports the development of our Mushroom Xiaomei AI agent platform, Green Electricity platform, and PSS. The prior achievements already have contributed to generating economic benefits, laying the foundation for future development at a relatively low additional cost. Meanwhile, the coordination of our DES asset development and our electricity services allow us to continually accumulate experience to amplify the economies of scale of technology and strengthen our core competitiveness and sustainable development capabilities.

Administrative Expenses

In 2023, 2024, and 2025, our administrative expenses were RMB63.4 million, RMB74.9 million, and RMB76.0 million, accounting for 36.4%, 60.1%, and 14.6% of total revenue for the same years, respectively. We expect that our administrative expenses in an absolute amount will remain relatively stable in the future, and that our administrative expenses as a percentage of revenue will continue to decline. Our administrative staff efficiently perform supervisory and service functions, ensuring the standardized and efficient advancement of our daily operations, providing solid logistical support for the development of all business activities.

BASIS OF PRESENTATION

Our consolidated financial information has been prepared in accordance with IFRS Accounting Standards. All IFRS Accounting Standards effective for the accounting period commencing from January 1, 2025, together with the relevant transitional provisions, have been consistently adopted by us in the preparation of the consolidated financial information throughout the Track Record Period.

The consolidated financial information has been prepared on a going concern basis notwithstanding that, as of December 31, 2025, we had net current liabilities of RMB1.07 billion, primarily due to the significant amount of the redemption liabilities on ordinary shares of RMB1.46 billion arising from the financing with redemption feature from [REDACTED] investors. The redemption liabilities on ordinary

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shares will not result in future cash payments within the next 12 months from December 31, 2025 because the redemption feature has been irrevocably terminated in April 2026. In this regard, our Directors are of the opinion that we are not obliged to settle the redemption liabilities in the next 12 months from December 31, 2025.

In addition, our Directors have reviewed our cash flow projections, which cover a period of at least 12 months from December 31, 2025. Our Directors are of the opinion that we will have sufficient working capital to meet our financial liabilities and obligations as and when they fall due and to sustain our operations for the next 12 months from December 31, 2025.

The consolidated financial information has been prepared under the historical cost convention, except for certain financial instruments that have been measured at fair value.

MATERIAL ACCOUNTING POLICIES AND SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

For a discussion of our material accounting policies and significant accounting judgments and estimates, see notes 2.3 and 3 to the Accountant’s Report in Appendix I to this document.

RESULTS OF OPERATIONS

The following table sets forth a summary of our consolidated statements of profit or loss and other comprehensive income in absolute amount and as a percentage of our revenue for the periods indicated. This information should be read together with our consolidated financial statements and related notes included in Appendix I to this document. The results of operations in any period do not necessarily indicate our future trends.

	For the Year Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
<i>(in thousands, except percentages)</i>						
Continuing Operations						
Revenue	174,152	100.0	124,618	100.0	519,976	100.0
Cost of sales	(169,644)	(97.4)	(119,429)	(95.8)	(468,092)	(90.0)
Gross profit	4,508	2.6	5,189	4.2	51,884	10.0
Other income and gains	5,149	3.0	12,150	9.7	49,798	9.6
Selling and distribution expenses	(58,764)	(33.7)	(49,571)	(39.8)	(47,605)	(9.2)
Administrative expenses	(63,360)	(36.4)	(74,947)	(60.1)	(76,006)	(14.6)
Research and development expenses	(48,264)	(27.7)	(42,400)	(34.0)	(19,447)	(3.7)
Impairment losses on financial assets	(7,191)	(4.1)	(9,162)	(7.4)	(2,630)	(0.5)
Other expenses	(394)	(0.2)	(73)	(0.1)	(20,162)	(3.9)
Changes on unlisted investments at fair value through profit or loss	—	—	(5,034)	(4.0)	(4,742)	(0.9)
Interest expenses on borrowings and lease liabilities	(2,732)	(1.6)	(8,170)	(6.6)	(13,767)	(2.6)
Interest expenses on redemption liabilities on ordinary shares	(80,668)	(46.3)	(97,721)	(78.4)	(143,260)	(27.6)
Changes on financial liabilities due to fund investors	(18,894)	(10.8)	(5,609)	(4.5)	(5,834)	(1.1)
Share of profits and losses of associates	—	—	(4)	(0.0)	(194)	(0.0)

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	For the Year Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
<i>(in thousands, except percentages)</i>						
Loss before tax from continuing operations	(270,610)	(155.4)	(275,352)	(221.0)	(231,965)	(44.6)
Income tax expense	—	—	(2,321)	(1.9)	(3,417)	(0.7)
Loss and total comprehensive loss for the year from continuing operations	(270,610)	(155.4)	(277,673)	(222.8)	(235,382)	(45.3)
Discontinued Operation						
Loss and total comprehensive loss for the year from a discontinued operation	(20,584)	(11.8)	(20,989)	(16.8)	—	—
Loss and total comprehensive loss for the year	(291,194)	(167.2)	(298,662)	(239.6)	(235,382)	(45.3)

NON-IFRS FINANCIAL MEASURE

In evaluating our business, we consider and use non-IFRS adjusted net loss, a non-IFRS financial measure, to supplement the review and assessment of our operating performance.

We define non-IFRS adjusted net loss as loss and total comprehensive loss adjusted for the impact of interest on redemption liabilities on ordinary shares and equity-settled share-based payment expenses, which are non-cash items, and [REDACTED] expenses, which are non-recurring.

We believe that the non-IFRS financial measure facilitates comparisons of operating performance from period to period and company to company by adjusting for potential impacts of non-cash and non-recurring items. We believe that non-IFRS adjusted net loss provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as it helps our management. Our presentation of non-IFRS adjusted net loss may not be comparable to similarly titled measures presented by other companies. The use of the non-IFRS financial measure has limitations as an analytical tool, and you should not consider it isolation from, or as substitutes for analysis of, our results of operations as reported under the IFRS Accounting Standards.

The following table sets forth the reconciliation of non-IFRS adjusted net loss to loss and total comprehensive loss, the nearest measure prepared in accordance with the IFRS Accounting Standards.

	For the Year Ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Loss and total comprehensive loss for the year .	(291,194)	(298,662)	(235,382)
Add:			
Interest on redemption liabilities on ordinary shares	80,668	97,721	143,260
Equity-settled share-based payment expenses .	3,279	8,259	10,295
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Non-IFRS adjusted net loss for the year	(207,247)	(192,682)	(76,861)

Our non-IFRS adjusted net loss decreased by 7.0% from RMB207.2 million in 2023 to RMB192.7 million in 2024, primarily due to our strategic shift from PV assets to DES assets, which at the time had better margin profiles than PV assets.

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Our non-IFRS adjusted net loss further narrowed by 60.1% from RMB192.7 million in 2024 to RMB76.9 million in 2025. This improvement was primarily driven by substantial revenue growth, supported by the expanded scale of DES assets under management and enhanced market recognition. Concurrently, we implemented a series of efficiency enhancement initiatives, including organizational optimization and digital transformation, further narrowing the loss.

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

During the Track Record Period, we generated revenue primarily from DES and other asset development and electricity services.

The following table sets forth a breakdown of our revenue by business line both in absolute amount and as a percentage of our total revenue for the years indicated.

	For the Year Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except percentages)</i>					
DES and Other Asset Development ⁽¹⁾	137,561	79.0	82,245	66.0	463,528	89.1
Electricity Services ⁽²⁾	18,506	10.6	35,598	28.6	49,038	9.5
Others ⁽³⁾	18,085	10.4	6,775	5.4	7,410	1.4
Total	174,152	100.0	124,618	100.0	519,976	100.0

Notes:

- (1) In 2023, our energy assets primarily consisted of PV assets. In the same year, we strategically shifted from PV assets to DES assets.
- (2) Include peak-valley arbitrage service, operation and maintenance service, and VPP service during the Track Record Period.
- (3) Include license fees to use our Green Electricity platform and revenue from sales of energy storage products.

During the Track Record Period, our revenue fluctuations were primarily driven by our DES and other asset development revenue as we strategically shifted from PV assets to DES assets in 2023, explored and began ramping up our DES asset development business in 2024, and established convincing business model and further expanded DES asset operating scale.

During the Track Record Period, our electricity service revenue continued to increase, consistent with our overall DES scale expansion.

Cost of Sales

Our cost of sales primarily consists of (i) material costs, (ii) construction costs, and (iii) depreciation. Material costs and construction costs are incurred relating to our DES and other asset development business.

The following table sets forth a breakdown of our cost of sales by nature both in absolute amount and as a percentage of total cost of sales for the years indicated.

	For the Year Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except percentages)</i>					
Material costs	105,888	62.4	59,691	50.0	340,117	72.6
Construction costs	41,471	24.4	16,147	13.5	66,098	14.1

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	For the Year Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except percentages)</i>					
Depreciation	8,329	4.9	19,149	16.0	29,776	6.4
Outsourcing services expenses . . .	3,873	2.3	2,183	1.8	14,001	3.0
Labor costs	7,077	4.2	7,407	6.2	10,626	2.3
Provision of inventories ⁽¹⁾	3,006	1.8	14,852	12.5	7,474	1.6
Total	169,644	100.0	119,429	100.0	468,092	100.0

Note:

- (1) The provision of inventories was made because the net realizable value of certain constructed energy assets fell below their cost, primarily due to changes in the operating conditions of the underlying electricity users.

During the Track Record Period, our cost of sales decreased from RMB169.6 million in 2023 to RMB119.4 million in 2024 and increased to RMB468.1 million in 2025, primarily due to the fluctuations in material costs and construction costs, which were generally in line with our DES asset operating scale and the pace of sale of DES assets.

Gross Profit and Gross Profit Margin

Gross profit represents the difference between revenue and cost of sales. Gross profit margin represents gross profit as a percentage of total revenue. In 2023, 2024, and 2025, our gross profit was RMB4.5 million, RMB5.2 million, and RMB51.9 million, respectively, with gross profit margin of 2.6%, 4.2%, and 10.0% for the respective years.

The following table sets forth a breakdown of our gross profit and gross profit margins by business line for the years indicated.

	For the Year Ended December 31,					
	2023		2024		2025	
	Gross Profit RMB	Gross Profit Margin %	Gross Profit RMB	Gross Profit Margin %	Gross Profit RMB	Gross Profit Margin %
	<i>(in thousands, except percentages)</i>					
DES and Other Asset						
Development	(7,851)	(5.7)	5,308	6.5	46,890	10.1
Electricity Services	9,056	48.9	13,531	38.0	10,772	22.0
Others	6,309	34.9	1,202	17.7	1,696	22.9
Less: Provision of inventories ⁽¹⁾	(3,006)	—	(14,852)	—	(7,474)	—
Total	4,508	2.6	5,189	4.2	51,884	10.0

Note:

- (1) The provision of inventories was made because the net realizable value of certain constructed energy assets fell below their cost, primarily due to changes in the operating conditions of the underlying electricity users.

During the Track Record Period, our gross profit continued to increase, primarily due to the expansion of our DES asset operating scale.

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We incurred gross loss of RMB7.9 million for our DES and other asset development in 2023 primarily due to market volatility affecting our then PV asset development, which constituted our primary revenue source that year before and are the primary reasons for our strategic shift to DES assets. Most of our PV assets were constructed at relatively high raw material prices, locking in higher costs, while raw material prices for PV assets declined rapidly by the time of the sale of PV assets, significantly impeded the sale price considerations.

During the Track Record Period, our gross profit margin continued to increase, primarily due to (i) the growth of DES and other asset development and its gross profit margin and (ii) the growth of electricity services facilitated by the expansion of our DES asset operating scale, which generally have higher gross profit margin than DES and other asset development.

Other Income and Gains

Our other income and gains primarily consist of government grants, bank interest income, and gain on disposal of subsidiary. Our other income and gains were RMB5.1 million, RMB12.2 million, and RMB49.8 million in 2023, 2024, and 2025, respectively.

The following table sets forth a breakdown of our other income and gains both in absolute amount and as a percentage of our total other income and gains for the years indicated.

	For the Year Ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Other income:			
Government grants	1,924	7,027	2,190
Bank interest income	2,241	2,432	1,764
Dividend income from financial assets at fair value through profit or loss	—	1,102	—
Others	127	409	687
	<u>4,292</u>	<u>10,970</u>	<u>4,641</u>
Gains:			
Gain on disposal of subsidiary	151	30	44,696
Investment income on wealth management products	706	1,150	461
	<u>857</u>	<u>1,180</u>	<u>45,157</u>
Total	<u>5,149</u>	<u>12,150</u>	<u>49,798</u>

Selling and Distribution Expenses

Our selling and distribution expenses primarily consist of (i) employee benefit expenses, (ii) marketing and promotional expenses, (iii) travel expenses, and (iv) share-based payment expenses.

The following table sets forth a breakdown of our selling and marketing expenses both in absolute amount and as a percentage of our total selling and marketing expenses for the years indicated.

	For the Year Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	(in thousands, except percentages)					
Employee benefit expenses	40,307	68.6	33,010	66.6	27,007	56.7
Marketing and promotional expenses	12,107	20.6	9,653	19.5	11,085	23.3
Travel expenses	5,265	9.0	4,361	8.8	5,230	11.0
Share-based payment expenses	218	0.4	1,919	3.9	2,069	4.3
Others	867	1.4	628	1.2	2,214	4.7
Total	<u>58,764</u>	<u>100.0</u>	<u>49,571</u>	<u>100.0</u>	<u>47,605</u>	<u>100.0</u>

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During the Track Record Period, our selling and distribution expenses continued to decrease primarily due to a decrease in employee benefit expenses mainly attributable to the gradual maturity of sales channels in the Yangtze River Delta region, allowing us to proactively optimize the sales team structure.

Administrative Expenses

Our administrative expenses primarily consist of (i) employee benefit expenses, (ii) depreciation and amortization expenses, (iii) conference expenses, (iv) share-based payment expenses, (v) [REDACTED] expenses, and (vi) professional service fees.

The following table sets forth a breakdown of our administrative expenses both in absolute amount and as a percentage of our total general and administrative expenses for the years indicated.

	For the Year Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
<i>(in thousands, except percentages)</i>						
Employee benefit expenses	34,388	54.3	35,598	47.5	38,605	50.8
Depreciation and amortization expenses	8,308	13.1	10,579	14.1	9,661	12.7
Conference expenses	3,222	5.1	6,941	9.3	7,978	10.5
Share-based payment expenses . . .	371	0.6	3,246	4.3	5,013	6.6
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Professional service fees	11,897	18.8	12,299	16.4	3,200	4.2
Office expenses	2,699	4.3	2,561	3.4	2,443	3.2
Travel expenses	1,464	2.3	1,619	2.2	1,015	1.3
Others	1,011	1.5	2,104	2.8	3,125	4.2
Total	63,360	100.0	74,947	100.0	76,006	100.0

During the Track Record Period, we maintained a disciplined level of administrative expenses while our revenue increased significantly.

Research and Development Expenses

Our research and development expenses primarily consist of (i) employee benefit expenses, (ii) professional service fees, (iii) share-based payment expenses, and (iv) depreciation and amortization.

The following table sets forth a breakdown of our research and development expenses both in absolute amount and as a percentage of our total research and development expenses for the years indicated.

	For the Year Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
<i>(in thousands, except percentages)</i>						
Employee benefit expenses	37,954	78.6	28,878	68.1	10,107	52.0
Professional service fees	3,799	7.9	8,002	18.9	4,019	20.7
Share-based payment expenses . . .	2,689	5.6	3,094	7.3	3,213	16.5
Depreciation and amortization . . .	932	1.9	1,035	2.4	1,047	5.4
Materials and consumables	1,635	3.4	558	1.3	631	3.2
Others	1,255	2.6	833	2.0	430	2.2
Total	48,264	100.0	42,400	100.0	19,447	100.0

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During the Track Record Period, our research and development expenses continued to decrease, primarily driven by a decrease in employee benefit expenses resulting from the optimization of our research and development team structure, as we strategically focused on iteration and optimization of algorithm models based on data analytics leveraging our existing Green Electricity platform and PSS.

Impairment Losses on Financial Assets

Our impairment losses on financial assets primarily represent credit impairment losses on trade and bills receivables and other financial assets as calculated based on the expected credit loss model. In 2023, 2024, and 2025, our impairment losses on financial assets were RMB7.2 million, RMB9.2 million, and RMB2.6 million, respectively.

Other Expenses

Our other expenses primarily consist of losses on disposal of property, plant, and equipment and losses on prepayments and other non-current assets. In 2023, 2024, and 2025, our other expenses were RMB0.4 million, RMB73,000, and RMB20.2 million, respectively.

The following table sets forth a breakdown of our other expenses both in absolute amount and as a percentage of our total other expenses for the years indicated.

	For the Year Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
<i>(in thousands, except percentages)</i>						
Losses on prepayments and other non-current assets	—	—	—	—	19,087	94.7
Loss on disposal of property, plant, and equipment	—	—	40	54.8	267	1.3
Others	394	100.0	33	45.2	808	4.0
Total	394	100.0	73	100.0	20,162	100.0

Changes on Unlisted Investments at Fair Value Through Profit or Loss

Changes on unlisted investments at fair value through profit or loss represent changes in the fair value of our minority equity interests in an entity. Our changes on unlisted investments at fair value through profit or loss was nil, RMB5.0 million, and RMB4.7 million in 2023, 2024, and 2025, respectively.

Interest Expenses on Borrowings and Lease Liabilities

Our interest expenses on borrowings and lease liabilities consist of interest on bank borrowings, interest on other borrowings, and interest on lease liabilities. Our interest expenses were RMB2.7 million, RMB8.2 million, and RMB13.8 million in 2023, 2024, and 2025, respectively.

The following table sets forth a breakdown of our interest expenses on borrowings and lease liabilities for the years indicated.

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	For the Year Ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Interest on bank borrowings	2,165	6,507	9,996
Interest on other borrowings	144	1,167	3,255
Interest on lease liabilities	423	496	516
Total	<u>2,732</u>	<u>8,170</u>	<u>13,767</u>

Interest on Redemption Liabilities on Ordinary Shares

Our interest on redemption liabilities on ordinary shares was RMB80.7 million, RMB97.7 million, and RMB143.3 million, in 2023, 2024, and 2025, respectively. During the Track Record Period, our interest on redemption liabilities on ordinary shares continued to increase primarily due to increased shareholder capital contributions and extended investment periods.

Changes on Financial Liabilities Due to Fund Investors

Our losses on financial liabilities due to fund investors were RMB18.9 million, RMB5.6 million, and RMB5.8 million in 2023, 2024, and 2025, respectively.

TAXATION

Chinese Mainland

Pursuant to the Enterprise Income Tax Law of the People’s Republic of China and the respective regulations, our Company and subsidiaries, which operate in Chinese Mainland, were subject to enterprise income tax at a rate of 25% on the taxable income during the Track Record Period, except that certain subsidiaries were subject to a reduced tax rate of 20% pursuant to Caishui [2023] No. 12 “Circular of the Ministry of Finance, the State Taxation Administration Issued on the Tax Policies for Further Support the Development of Small Low-Profit Enterprises and Self-Employed Businesses” (財政部稅務總局關於進一步支持小微企業和個體工商戶發展有關稅費政策的公告), which took effect on January 1, 2023 and will expire on December 31, 2027.

Hong Kong

Our subsidiary in Hong Kong is subject to Hong Kong profits tax at a rate of 16.5%. No Hong Kong profits tax was provided for as we did not generate any assessable profits arising in Hong Kong during the Track Record Period.

During the Track Record Period and up to the Latest Practicable Date, we did not have any disputes or unsolved tax issues with tax authorities that may have a material adverse impact on our business, financial condition, and results of operations.

YEAR-TO-YEAR COMPARISON OF RESULTS OF OPERATIONS

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

Revenue

Our revenue more than quadrupled from RMB124.6 million in 2024 to RMB520.0 million in 2025, primarily due to an increase in DES and other asset development revenue from RMB82.2 million in 2024 to RMB463.5 million in 2025.

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Our DES and other asset development revenue increased significantly from RMB82.2 million in 2024 to RMB463.5 million in 2025, primarily due to the large-scale sale of DES assets in 2025 attributable to ramp-up of DES asset development in 2024 and establishment of convincing business model in 2025.

Our electricity service revenue increased by 37.8% from RMB35.6 million in 2024 to RMB49.0 million in 2025, primarily due to an expansion of our electricity services leveraging the increase in our DES asset operating scale.

Our other revenue, including license fees to use Green Electricity platform and revenue from sales of energy storage products, remained relatively stable at RMB6.8 million in 2024 and RMB7.4 million in 2025.

Cost of Sales

Our cost of sales increased significantly from RMB119.4 million in 2024 to RMB468.1 million in 2025, which was generally in line with our DES asset operating scale and pace of sale of DES assets.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased from RMB5.2 million in 2024 to RMB51.9 million in 2025. Our gross profit margin increased from 4.2% in 2024 to 10.0% in 2025, primarily due to the increase in DES asset development business and its increase of gross profit margin from 6.5% in 2024 to 10.1% in 2025.

Other Income and Gains

Our other income and gains increased significantly from RMB12.2 million in 2024 to RMB49.8 million in 2025, primarily due to an increase in gain on disposal of subsidiary of RMB44.7 million as we actively optimized our business portfolio and completed the strategic disposal of a subsidiary.

Selling and Distribution Expenses

Our selling and distribution expenses decreased by 4.0% from RMB49.6 million in 2024 to RMB47.6 million in 2025, primarily due to a decrease in employee benefit expenses of RMB6.0 million resulting from a streamlined sales headcount as the sales channels in the Yangtze River Delta region gradually matured.

Administrative Expenses

Our administrative expenses remained relatively stable at RMB74.9 million in 2024 and RMB76.0 million in 2025, primarily due to our balancing between personnel expansion and cost management.

Research and Development Expenses

Our research and development expenses decreased by 54.1% from RMB42.4 million in 2024 to RMB19.4 million in 2025, primarily due to a decrease in employee benefit expenses of RMB18.8 million resulting from the optimization of our research and development team structure, as we strategically focused on iteration and optimization of algorithm models leveraging our existing Green Electricity platform and PSS.

Impairment Losses on Financial Assets

Our impairment losses on financial assets decreased by 71.3% from RMB9.2 million in 2024 to RMB2.6 million in 2025, primarily due to our strengthened project evaluation and stricter project admission criteria, which improved underlying asset quality and lowered expected credit losses.

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Other Expenses

Our other expenses increased from RMB73,000 in 2024 to RMB20.2 million in 2025, primarily due to an increase in losses on prepayments and other non-current assets of RMB19.1 million, primarily resulting from the termination of agreements with certain suppliers due to their deteriorating financial condition.

Changes on Unlisted Investments at Fair Value Through Profit or Loss

Our changes on unlisted investments at fair value through profit or loss remained relatively stable at RMB5.0 million in 2024 and RMB4.7 million in 2025.

Interest Expenses on Borrowings and Lease Liabilities

Our interest expenses on borrowings and lease liabilities increased by 68.5% from RMB8.2 million in 2024 to RMB13.8 million in 2025, primarily due to an increase in interest on bank borrowings of RMB3.5 million to support business expansion.

Interest on Redemption Liabilities on Ordinary Shares

Our interest on redemption liabilities on ordinary shares increased by 46.6% from RMB97.7 million in 2024 to RMB143.3 million in 2025, primarily due to increased shareholder capital contributions and extended investment periods.

Changes on Financial Liabilities Due to Fund Investors

Our losses on financial liabilities due to fund investors remained relatively stable at RMB5.6 million in 2024 and at RMB5.8 million in 2025.

Share of Losses of Associates

Our share of losses of associates increased from RMB4,000 in 2024 to RMB0.2 million 2025, primarily due to our associates being in the initial stage of development, where revenue has not yet reached scale to cover operating costs.

Income Tax Expenses

Our income tax expenses increased by 47.2% from RMB2.3 million in 2024 to RMB3.4 million in 2025, primarily due to profit growth of certain DES asset project companies.

Loss and Total Comprehensive Loss for the Year

As a result of the foregoing, our loss and total comprehensive loss for the year decreased by 21.2% from RMB298.7 million in 2024 to RMB235.4 million in 2025.

Non-IFRS Adjusted Net Loss for the Year

Our non-IFRS adjusted net loss for the year decreased by 60.1% from RMB192.7 million in 2024 to RMB76.9 million in 2025.

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

Revenue

Our revenue decreased by 28.4% from RMB174.2 million in 2023 to RMB124.6 million in 2024, primarily due to a decrease in DES and other asset development revenue from RMB137.6 million in 2023 to RMB82.2 million in 2024, partially offset by an increase in electricity service revenue from RMB18.5 million in 2023 to RMB35.6 million in 2024.

Our DES and other asset development revenue decreased by 40.2% from RMB137.6 million in 2023 to RMB82.2 million in 2024, primarily due to the strategic pivot from PV assets to DES assets, with the latter in the revenue ramp-up stage.

Our electricity service revenue increased by 92.4% from RMB18.5 million in 2023 to RMB35.6 million in 2024, primarily due to an expansion of our electricity services leveraging the increase in our DES asset operating scale.

Our other revenue, including license fees to use Green Electricity platform and revenue from sales of energy storage products, decreased by 62.5% from RMB18.1 million to RMB6.8 million, primarily due to the strategic shift of our business focus towards DES asset development.

Cost of Sales

Our cost of sales decreased by 29.6% from RMB169.6 million in 2023 to RMB119.4 million in 2024, which was generally in line with our DES asset operating scale and pace of sale of DES assets.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased from RMB4.5 million in 2023 to RMB5.2 million in 2024. Our gross profit margin increased from 2.6% in 2023 to 4.2% in 2024, primarily due to our shift from the negative-margin PV asset development to positive-margin DES asset development.

Other Income and Gains

Our other income and gains increased significantly from RMB5.1 million in 2023 to RMB12.2 million in 2024, primarily due to an increase in government grants of RMB5.1 million, mainly attributable to subsidies for digital energy operations, financial support subsidies, and industrial development guidance funds.

Selling and Distribution Expenses

Our selling and distribution expenses decreased by 15.6% from RMB58.8 million in 2023 to RMB49.6 million in 2024, primarily due to a decrease in employee benefit expenses of RMB7.3 million resulting from a streamlined sales headcount.

Administrative Expenses

Our administrative expenses increased by 18.3% from RMB63.4 million in 2023 to RMB74.9 million in 2024, primarily due to (i) an increase in conference expenses of RMB3.7 million, (ii) an increase in share-based payment expenses of RMB2.9 million arising from the new employee share ownership plan implemented in 2024, and (iii) an increase in depreciation and amortization expenses of RMB2.3 million primarily due to office relocation.

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Research and Development Expenses

Our research and development expenses decreased by 12.1% from RMB48.3 million in 2023 to RMB42.4 million in 2024, primarily due to a decrease in employee benefit expenses of RMB9.1 million resulting from the optimization of our research and development team structure, as we strategically focused on iteration and optimization of algorithm models based on data analytics leveraging our existing Green Electricity platform and PSS.

Impairment Losses on Financial Assets

Our impairment losses on financial assets increased by 27.4% from RMB7.2 million in 2023 to RMB9.2 million in 2024, primarily as we explored project evaluation mechanisms during the strategic business shift.

Other Expenses

Our other expenses decreased by 81.5% from RMB0.4 million in 2023 to RMB73,000 in 2024.

Changes on Unlisted Investments at Fair Value Through Profit or Loss

Our changes on unlisted investments at fair value through profit or loss increased significantly from nil in 2023 to RMB5.0 million in 2024, primarily due to the increase in our minority equity interests in an entity.

Interest Expenses on Borrowings and Lease Liabilities

Our interest expenses on borrowings and lease liabilities increased significantly from RMB2.7 million in 2023 to RMB8.2 million in 2024, primarily due to an increase in interest on bank borrowings of RMB4.3 million to support business shift.

Interest on Redemption Liabilities on Ordinary Shares

Our interest on redemption liabilities on ordinary shares increased by 21.1% from RMB80.7 million in 2023 to RMB97.7 million in 2024 primarily due to increased shareholder capital contributions and extended investment periods.

Share of Losses of Associates

Our share of losses of associates increased from nil in 2023 to RMB4,000 in 2024, primarily because our associates commenced operations from 2024.

Changes on Financial Liabilities Due to Fund Investors

Our losses on financial liabilities due to fund investors decreased by 70.3% from RMB18.9 million in 2023 to RMB5.6 million in 2024, primarily due to an increase in the fair value of minority limited partnership interests in a consolidated fund, driven by the robust operating performance of its underlying DES assets and subsequent capital expansion.

Income Tax Expenses

We did not have income tax expenses in 2023 while we had income tax expenses of RMB2.3 million in 2024, primarily due to the recognition of taxable profits by certain of our subsidiaries in 2024.

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Loss and Total Comprehensive Loss for the Year

As a result of the foregoing, our loss and total comprehensive loss for the year increased by 2.6% from RMB291.2 million in 2023 to RMB298.7 million in 2024.

Non-IFRS Adjusted Net Loss for the Year

Our non-IFRS adjusted net loss for the year decreased by 7.0% from RMB207.2 million in 2023 and RMB192.7 million in 2024.

DISCUSSION OF CERTAIN KEY ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth a summary of our consolidated statements of financial position as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Total current assets	666,188	999,645	999,931
Total non-current assets	90,340	82,542	102,026
Total assets	756,528	1,082,187	1,101,957
Total current liabilities	1,233,322	1,819,836	2,070,131
Total non-current liabilities	37,380	63,089	57,951
Total liabilities	1,270,702	1,882,925	2,128,082
Net current liabilities	(576,134)	(820,191)	(1,070,200)
Paid-in capital	9,478	12,394	12,394
Reserves	(524,380)	(815,539)	(1,040,963)
Non-controlling interest	728	2,407	2,444
Total deficits	(514,174)	(800,738)	(1,026,125)

We had total deficits as of the end of each year during the Track Record Period. Our total deficits increased from RMB514.2 million as of December 31, 2023 to RMB800.7 million as of December 31, 2024, primarily due to RMB298.7 million loss and total comprehensive loss for the year. Our total deficits further increased from RMB800.7 million as of December 31, 2024 to RMB1.03 billion as of December 31, 2025, primarily due to RMB235.4 million loss and total comprehensive loss for the year.

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

	As of December 31,			As of
	2023	2024	2025	February 28, 2026
	(RMB in thousands)			(Unaudited)
Current assets:				
Inventories	111,982	426,115	342,738	355,451
Trade and bills receivables	151,847	105,894	285,177	145,268
Prepayments, other receivables, and other assets	90,726	114,471	62,183	76,228
Pledged and restricted deposits	38,974	46,720	70,610	68,540
Amounts due from related companies	242	—	4,478	4,922

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	As of December 31,			As of
	2023	2024	2025	February 28, 2026
	(RMB in thousands)			(Unaudited)
Financial assets at fair value at profit or loss	40,000	40,000	10,000	40,000
Cash and cash equivalents	232,417	266,445	224,745	202,138
Total current assets	666,188	999,645	999,931	892,547
Current liabilities:				
Redemption liabilities on ordinary shares	1,035,605	1,313,326	1,456,586	1,474,473
Interest-bearing bank and other borrowings	68,693	286,250	387,071	333,904
Financial liabilities due to fund investors	26,191	43,558	3,650	3,685
Trade and bills payables	57,877	108,036	182,376	137,115
Other payables and accruals	29,665	27,499	26,777	23,601
Contract liabilities	7,390	34,385	4,606	6,089
Lease liabilities	7,901	4,461	5,070	4,502
Tax payable	—	2,321	3,995	4,035
Total current liabilities	1,233,322	1,819,836	2,070,131	1,987,404
Net current liabilities	(567,134)	(820,191)	(1,070,200)	(1,094,857)

We had net current liabilities of RMB567.1 million, RMB820.2 million, RMB1.07 billion, and RMB1.09 billion as of December 31, 2023, 2024, and 2025, and February 28, 2026. Our net current liabilities positions as of each of these dates were primarily attributable to redemption liabilities on ordinary shares, partially offset by our cash and cash equivalents, inventories, and prepayments, other receivables, and other assets. We expect that we will turn into a net current assets and net assets position as of the date of this document after reclassifying the redemption liabilities on ordinary shares.

Our net current liabilities remained relatively stable at RMB1.07 billion as of December 31, 2025 and RMB1.09 billion as of February 28, 2026. This was primarily due to (i) a decrease in trade and bills receivables of RMB139.9 million, (ii) a decrease in cash and cash equivalents of RMB22.6 million, and (iii) an increase in redemption liabilities on ordinary shares of RMB17.9 million, partially offset by (i) a decrease in interest-bearing bank and other borrowings of RMB53.2 million, (ii) a decrease in trade and bills payables of RMB45.3 million (iii) an increase in prepayments, other receivables, and other assets of RMB14.0 million, and (iv) an increase in inventories of RMB12.7 million.

Our net current liabilities increased by 30.5% from RMB820.2 million as of December 31, 2024 to RMB1.07 billion as of December 31, 2025. The increase was mainly due to (i) an increase in redemption liabilities on ordinary shares of RMB143.3 million, (ii) an increase in interest-bearing bank and other borrowings of RMB100.8 million, and (iii) a decrease in inventories of RMB83.4 million, partially offset by (i) an increase in trade and bill receivables of RMB179.3 million and (ii) a decrease in financial liabilities due to fund investors of RMB39.9 million.

Our net current liabilities increased by 44.6% from RMB567.1 million as of December 31, 2023 to RMB820.2 million as of December 31, 2024. The increase was mainly due to (i) an increase in redemption liabilities on ordinary shares of RMB277.7 million, (ii) an increase in interest-bearing bank and other borrowings of RMB217.6 million, and (iii) an increase in trade and bills payables of RMB50.2 million, partially offset by an increase in inventories of RMB314.1 million.

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Inventories

Our inventories consist of (i) work in progress, which represents DES and other assets under construction, and (ii) finished goods, which represent DES and other assets that have been constructed but not yet sold.

The following table sets forth a breakdown of our inventories as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Work in progress	40,648	77,551	25,916
Finished goods	71,334	348,564	316,822
Total	111,982	426,115	342,738

Our inventories increased significantly from RMB112.0 million as of December 31, 2023 to RMB426.1 million as of December 31, 2024, primarily due to an increase in finished goods of RMB277.2 million resulting from increased number of completed DES assets as a result of our business expansion.

Our inventories decreased by 19.6% from RMB426.1 million as of December 31, 2024 to RMB342.7 million as of December 31, 2025, primarily due to the large-scale sale of DES assets in 2025.

The following table sets forth our inventory turnover days for the periods indicated.

	For the Year Ended December 31,		
	2023	2024	2025
Inventory turnover days ⁽¹⁾	225	822	300

Note:

- (1) Inventory turnover days are calculated as the average of the beginning and ending balances of inventories divided by cost of sales for the year and multiplied by 365 days.

Our inventory turnover days were 225, 822, and 300 days in 2023, 2024, and 2025, respectively. Our inventory turnover days increased significantly from 2023 to 2024, primarily due to the inherent time mismatch between the completion and sale of DES assets as we began ramping up our DES asset development business in 2024. Our inventory turnover days decreased significantly from 2024 to 2025, primarily due to the large-scale sale of DES assets in 2025.

The following table sets forth an aging analysis of our inventories.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Within 1 year	116,218	375,725	202,486
Over 1 year and within 2 years	—	67,982	121,022
Over 2 years	—	—	42,696
Inventory provision	(4,236)	(17,592)	(23,466)
Total	111,982	426,115	342,738

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As of February 28, 2026, none of our inventories as of December 31, 2025 had been subsequently sold.

Trade and Bills Receivables

Our trade and bills receivables consisted of trade receivables and bills receivables at amortized cost, net of impairment.

The following table sets forth the details of our trade and bills receivables as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Trade receivables	157,410	118,659	301,507
Bills receivables at amortized cost	465	2,190	890
Impairment	(6,028)	(14,955)	(17,220)
Total	151,847	105,894	285,177

Our trade and bills receivables decreased by 30.3% from RMB151.8 million as of December 31, 2023 to RMB105.9 million as of December 31, 2024, primarily due to our shift from PV assets to DES assets and ramp-up of DES asset development business in 2024.

Our trade and bills receivables increased significantly from RMB105.9 million as of December 31, 2024 to RMB285.2 million as of December 31, 2025, primarily due to our significant growth in the DES asset development business in 2025.

The following table sets forth our trade and bills receivable turnover days for the periods indicated.

	For the Year Ended December 31,		
	2023	2024	2025
Trade and bills receivable turnover days ⁽¹⁾	279	377	137

Note:

- (1) Trade and bills receivable turnover days are calculated as the average of the beginning and ending balances of trade and bills receivables divided by revenue for the year multiplied by 365 days.

Our trade and bills receivable turnover days were 279, 377, and 137 days in 2023, 2024, and 2025, respectively. Our trade and bills receivable turnover days increased from 2023 to 2024, primarily due to (i) a decrease in revenue during our shift from PV assets to DES assets and (ii) prolonged aging of certain receivables from prior years. Our trade and bills receivable turnover days decreased from 2024 to 2025, mainly due to (i) an increase in revenue in line with our business expansion and (ii) our strengthened receivable collection efforts and improved collection efficiency.

We implement and improve strict control over trade receivables by optimizing asset investor and other customer profiling and adjusting payment terms, as applicable, as our position in the DES asset development market strengthens, thereby reducing capital occupation and optimizing cash flow.

The following table sets forth an aging analysis of our trade and bills receivables.

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	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Within 180 days	143,986	62,341	275,032
Over 180 days and within 1 year	3,163	1,648	3,433
Over 1 year and within 2 years	4,698	41,905	3,886
Over 2 years and within 3 years	—	—	2,826
Total	151,847	105,894	285,177

We recorded a higher proportion of aged receivables in 2024, primarily due to contractual payment mechanisms for a PV project, where collections were pending the fulfillment of predefined performance criteria. The aging profile subsequently improved in 2025 as the criteria was met and payments were received.

As of February 28, 2026, RMB165.4 million, or 58.0% of our trade and bills receivables as of December 31, 2025, had been subsequently collected.

Prepayments, Other Receivables, and Other Assets

Our prepayments, other receivables, and other assets primarily consisted of prepayments to suppliers, deposits and other receivables, and value-added tax recoverable.

The following table sets forth our prepayments, other receivables, and other assets as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Non-current:			
Deposits and other receivables	2,151	5,515	8,153
Value-added tax recoverable	11,233	24,173	29,972
Current:			
Deposits and other receivables	17,656	7,022	18,893
Prepayments	61,277	77,690	30,730
Prepaid value-added tax	—	18,040	15,493
Value-added tax recoverable	11,793	11,719	6,113
Deferred issue costs	—	—	934
Provision impairment allowance	—	—	(9,980)
Total	104,110	144,159	100,308

Our prepayments, other receivables, and other assets increased by 38.5% from RMB104.1 million as of December 31, 2023 to RMB144.2 million as of December 31, 2024 primarily attributable to (i) an increase in prepaid value-added tax of RMB18.0 million; and (ii) an increase in prepayment to suppliers of RMB16.4 million, primarily due to the escalating procurement demand for equipment and construction to support the development of DES assets in 2024.

Our prepayments, other receivables, and other assets decreased by 30.4% from RMB144.2 million as of December 31, 2024 to RMB100.3 million as of December 31, 2025, primarily attributable to a decrease in prepayments to suppliers of RMB47.0 million, primarily due to our enhanced position in the industry, which enabled us to optimize settlement terms with suppliers and extend procurement payment periods, partially offset by an increase in deposits and other receivables of RMB14.5 million, primarily due to the expansion of business.

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Trade and Bills Payables

Our trade and bills payables consist of amounts due to suppliers for design, equipment, and construction. Our trade and bills payables are non-interest-bearing and are normally settled on the terms within 180 days.

Our trade payables increased by 86.7% from RMB57.9 million as of December 31, 2023 to RMB108.0 million as of December 31, 2024, and further increased by 68.8% to RMB182.4 million as of December 31, 2025, primarily attributable to (i) the escalating procurement demand to support the development of DES assets in 2024 and 2025 and (ii) our optimization of payment terms with suppliers, through which we extended the procurement payment cycle and reduced the capital occupation from procurement activities.

The following table sets forth our trade and bills payable turnover days for the periods indicated.

	For the Year Ended December 31,		
	2023	2024	2025
Trade and bills payable turnover days ⁽¹⁾	231	254	113

Note:

- (1) Trade and bills payable turnover days are calculated as the average of the beginning and ending balances of trade and bills payables divided by the cost of sales for the year multiplied by 365 days.

Our trade and bills payable turnover days were 231, 254, and 113 days in 2023, 2024, and 2025, respectively. Our trade and bills payable turnover days increased from 2023 to 2024, primarily due to strong procurement demand during the development and construction phase of DES assets in 2024 after the strategic shift from PV assets to DES assets. Our trade and bills payable turnover days decreased from 2024 to 2025 mainly due to the large-scale sale of DES assets in 2025 following the project accumulation in 2024.

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

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Within 1 year	57,173	107,061	181,624
Over 1 year and within 2 years	639	788	601
Over 2 years	65	187	151
Total	57,877	108,036	182,376

As of February 28, 2026, RMB56.8 million, or 31.1% of our trade and bills payables as of December 31, 2025 had been settled.

INDEBTEDNESS

Our indebtedness during the Track Record Period consisted of financial liabilities due to fund investors, redemption liabilities on ordinary shares, interest-bearing bank and other borrowings, and lease liabilities. February 28, 2026 is the latest practicable date for the purpose of this statement of indebtedness in this document.

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The following table sets forth a breakdown of our indebtedness as of the dates indicated.

	As of December 31,			As of
	2023	2024	2025	February 28, 2026
	(RMB in thousands)			(Unaudited)
Current:				
Redemption liabilities on ordinary shares	1,035,605	1,313,326	1,456,586	1,474,473
Interest-bearing bank and other borrowings	68,693	286,250	387,071	333,903
Lease liabilities	7,901	4,461	5,070	4,502
Financial liabilities due to fund investors	26,191	43,558	3,650	3,685
	<u>1,138,390</u>	<u>1,647,595</u>	<u>1,852,377</u>	<u>1,816,563</u>
Non-current:				
Interest-bearing bank and other borrowings	18,027	50,117	49,546	57,814
Lease liabilities	19,353	9,160	4,515	3,662
	<u>37,380</u>	<u>59,277</u>	<u>54,061</u>	<u>61,476</u>
Total	<u>1,175,770</u>	<u>1,706,872</u>	<u>1,906,438</u>	<u>1,878,039</u>

Redemption Liabilities on Ordinary Shares

Our redemption liabilities on ordinary shares, including series A, B, B+, C, D, D+ shares, increased by 26.8% from RMB1.04 billion as of December 31, 2023 to RMB1.31 billion as of December 31, 2024, and further increased by 10.9% to RMB1.46 billion as of December 31, 2025, primarily due to the measurement mechanism, which sets the redemption price at the higher of the principal plus simple interest at 10% or the fair value. Our redemption liabilities on ordinary shares increased as the investment period extended and the fair value of our Company increased alongside our business development.

Interest-Bearing Bank and Other Borrowings

Our interest-bearing bank and other borrowings represented secured and unsecured bank loans and the borrowings related to sales and leaseback arrangements.

The following table sets forth a breakdown of our interest-bearing bank and other borrowings as of the dates indicated.

	As of December 31,			As of
	2023	2024	2025	February 28, 2026
	(RMB in thousands)			(Unaudited)
Unsecured	10,009	57,808	24,831	10,000
Guaranteed	49,942	207,466	344,196	312,165
Secured and guaranteed	6,542	13,506	10,250	9,702
Secured	20,227	57,587	57,340	59,851
Total	<u>86,720</u>	<u>336,367</u>	<u>436,617</u>	<u>391,718</u>

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Our interest-bearing bank and other borrowings increased significantly from RMB86.7 million as of December 31, 2023 to RMB336.4 million as of December 31, 2024 and further increased by 29.8% to RMB436.6 million as of December 31, 2025 primarily due to increased financial leverage to support business expansion.

As of February 28, 2026, we had interest-bearing bank and other borrowings of RMB391.7 million.

Our bank and other borrowings bore interest at 2.60% to 5.40%, 2.05% to 5.04%, and 1.55% to 6.04% per annum, as of December 31, 2023, 2024, and 2025, respectively.

Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, we did not experience any difficulty in obtaining bank and other borrowings, default in payment of bank and other borrowings, or breach of covenants. As of the Latest Practicable Date, except for our existing bank and other borrowings, we did not have plans for any other material external debt financing.

Lease Liabilities

We had lease liabilities of RMB27.3 million, RMB13.6 million, RMB9.6 million and RMB8.2 million as of December 31, 2023, 2024, and 2025 and as of February 28, 2026, respectively.

Our lease liabilities decreased by 50.0% from RMB27.3 million as of December 31, 2023 to RMB13.6 million as of December 31, 2024, and further decreased by 29.6% to RMB9.6 million as of December 31, 2025, primarily attributable to the sale of the charging pile business in 2024.

The following table sets forth our lease liabilities as of the dates indicated.

	As of December 31,			As of February 28, 2026
	2023	2024	2025	
	(RMB in thousands)			(Unaudited)
Lease liabilities:				
Current	7,901	4,461	5,070	4,502
Non-current	19,353	9,160	4,515	3,662
Total	27,254	13,621	9,585	8,164

Statement of Indebtedness

Saved as disclosed above, as of February 28, 2026, we had no bank loans, or any other loan capital issued and outstanding or agreed to be issued, bank overdrafts, borrowings or similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchases, guarantees, or other material contingent liabilities. Our Directors confirm that there has not been any material change in our indebtedness since February 28, 2026 and up to the date of this document, except that we had subsequently incurred bank loans of RMB20.0 million.

LIQUIDITY AND CAPITAL RESOURCES

Sources of Liquidity and Working Capital

Our primary uses of cash are to fund our working capital requirements and other recurring expenses. During the Track Record Period, we financed our capital expenditure and working capital requirements primarily through cash generated from our operating activities, bank loans, and equity financing.

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Going forward, we believe that our liquidity requirements will be satisfied with a combination of cash generated from our operating activities, bank loans, the estimated [REDACTED] from the [REDACTED], and other funds raised from the capital markets from time to time. We will closely monitor the level of our working capital and diligently review future cash flow requirements and adjust our operations and expansion plans, if necessary, to ensure that we maintain sufficient working capital to support our business operations.

Taking into consideration of financial resources presently available to us, our Directors are of the view that our available cash and cash equivalents, anticipated cash flow from operations, bank loans, and the estimated [REDACTED] from the [REDACTED] will be sufficient to meet our present and anticipated cash requirements for the next 12 months from the date of this document.

Cash Flows

The following table sets forth a summary of our consolidated cash flow statements for the years indicated.

	For the Year Ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Net cash flows used in operating activities	(332,538)	(385,537)	(180,981)
Net cash flows generated from/(used in)			
investing activities	16,639	(6,742)	19,632
Net cash flows from financing activities	287,181	426,320	119,649
Net (decrease)/increase in cash and cash			
equivalents	(28,718)	34,041	(41,700)
Cash and cash equivalents at the beginning of			
the year	261,460	232,417	266,445
Effect of foreign exchange rate changes, net . . .	(325)	(13)	—
Cash and cash equivalents at the end of the			
 year	232,417	266,445	224,745

Net cash flows used in operating activities

In 2025, we had net cash flows used in operating activities of RMB181.0 million, primarily due to loss before tax from continuing operations of RMB232.0 million, as adjusted by certain non-cash and non-operating items, mainly including interest on redemption liabilities on ordinary shares of RMB143.3 million, gain on disposal of subsidiary of RMB44.7 million, and interest expenses on borrowings and lease liabilities of RMB13.8 million, and changes in working capital that positively affected our cash flows, mainly including an increase in trade and bills payable of RMB78.4 million and a decrease in prepayment, other receivables, and other assets of RMB24.8 million, partially offset by changes in working capital that negatively affected our cash flows, mainly including an increase in trade and bills receivables of RMB176.1 million and an increase in pledged and restricted deposits of RMB33.9 million.

In 2024, we had net cash flows used in operating activities of RMB385.5 million, primarily due to loss before tax from continuing operations of RMB275.4 million and loss before tax from discontinued operations of RMB21.0 million, as adjusted by certain non-cash and non-operating items, mainly including interest on redemption liabilities on ordinary shares of RMB97.7 million and depreciation of property, plant, and equipment of RMB16.5 million, and changes in working capital that positively affected our cash flows, mainly including an increase in trade and bills payables of RMB65.1 million and a decrease in trade and bills receivables of RMB29.1 million, partially offset by changes in working capital that negatively affected our cash flow, mainly including an increase in inventories of RMB329.0 million and an increase in prepayment, other receivables, and other assets of RMB62.6 million.

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In 2023, we had net cash flows used in operating activities of RMB332.5 million, primarily due to loss before tax from continuing operations of RMB270.6 million, as adjusted by certain non-cash and non-operating items, mainly including interest on redemption liabilities on ordinary shares of RMB80.7 million and depreciation of property, plant, and equipment of RMB24.2 million, partially offset by changes in working capital that negatively affected our cash flows, mainly including an increase in trade and bills receivables of RMB133.7 million and an increase in prepayment, other receivables, and other assets of RMB38.4 million.

Net cash flows generated from or used in investing activities

In 2025, our net cash flows generated from investing activities was RMB19.6 million, primarily due to proceeds from disposal of financial assets at fair value through profit or loss of RMB209.1 million, partially offset by purchase of financial assets at fair value through profit or loss of RMB177.2 million.

In 2024, our net cash flows used in investing activities was RMB6.7 million, primarily due to purchase of financial assets at fair value through profit or loss of RMB305.5 million, partially offset by proceeds from disposal of financial assets at fair value through profit or loss of RMB286.9 million and disposal of subsidiaries of RMB18.1 million.

In 2023, our net cash flows generated from investing activities was RMB16.6 million, due to proceeds from disposal of financial assets at fair value through profit or loss of RMB458.1 million, partially offset by purchase of financial assets at fair value through profit or loss of RMB417.0 million.

Net cash flows generated from financing activities

In 2025, our net cash flows generated from financing activities was RMB119.6 million, primarily due to new bank loans and other borrowings of RMB542.3 million, partially offset by repayment of bank loans and other borrowings of RMB406.5 million.

In 2024, our net cash flows generated from financing activities was RMB426.3 million, primarily due to new bank loans and other borrowings of RMB457.6 million and contribution from shareholders of RMB182.2 million, partially offset by repayment of bank loans and other borrowings of RMB209.1 million.

In 2023, our net cash flows generated from financing activities was RMB287.2 million, primarily due to contribution from shareholders of RMB252.6 million and new bank loans and other borrowings of RMB105.5 million, partially offset by repayment of bank loans and other borrowings of RMB68.0 million.

CONTINGENT LIABILITIES

We did not have contingent liabilities during the Track Record Period and up to the Latest Practicable Date.

CAPITAL EXPENDITURE

During the Track Record Period, our capital expenditure primarily consisted of purchases of items of property, plant and equipment.

Our capital expenditure was RMB16.8 million, RMB7.6 million, and RMB4.7 million in 2023, 2024, and 2025, respectively.

We expect to incur capital expenditure in the near future primarily on purchase of hardware and software for research and development to refine and iterate Mushroom Xiaomei AI agent platform. We intend to fund our future capital expenditure with a combination of cash flow generated from operating

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activities, bank loans, equity financing, and the [REDACTED] from the [REDACTED]. See “Future Plans and [REDACTED]” for more details. We may reallocate the fund to be utilized on capital expenditure and long-term investments based on our ongoing business needs.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

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

[REDACTED] EXPENSES

Based on the mid-point [REDACTED] of HK\$[REDACTED], the total estimated [REDACTED] expenses in relation to the [REDACTED] is approximately RMB[REDACTED] (HK\$[REDACTED]) assuming no new Shares are issued under the [REDACTED]. Such estimated total [REDACTED] expenses include (i) [REDACTED] related expenses of approximately RMB[REDACTED] (HK\$[REDACTED]); (ii) fees and expenses of our legal advisors and reporting accountant of approximately RMB[REDACTED] (HK\$[REDACTED]); and (iii) other fees and expenses of approximately RMB[REDACTED] (HK\$[REDACTED]).

Up to December 31, 2025, [REDACTED] expenses of approximately RMB[REDACTED] (HK\$[REDACTED]) were charged to our profit or loss, while as of December 31, 2025, approximately RMB[REDACTED] (HK\$[REDACTED]) was recognized as [REDACTED] expenses to be capitalized in prepayments, and such amount is expected to be recognized directly as a deduction from equity upon the [REDACTED].

We expect to incur additional [REDACTED] expenses of approximately RMB[REDACTED] (HK\$[REDACTED]), of which approximately RMB[REDACTED] (HK\$[REDACTED]) is expected to be charged to our consolidated statement of profit or loss and approximately RMB[REDACTED] (HK\$[REDACTED]) will be deducted from equity.

MATERIAL RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. During the Track Record Period, we entered into various related party transactions. For more details about our related party transactions, see note 38 to the Accountant’s Report in Appendix I to this document and “Relationship with Our Controlling Shareholders.”

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

KEY FINANCIAL RATIOS

	For the Year Ended December 31,		
	2023	2024	2025
Gross profit margin (%)	2.6	4.2	10.0
Non-IFRS adjusted net loss margin ⁽¹⁾ (%)	(119.0)	(154.6)	(14.8)
	As of December 31,		
	2023	2024	2025
Current ratio ⁽²⁾ (times)	0.5	0.5	0.5
Quick ratio ⁽³⁾ (times)	0.4	0.3	0.3

Notes:

- (1) Non-IFRS adjusted net loss margin is calculated as non-IFRS adjusted net loss for the year divided by total revenue.
- (2) Current ratio is calculated as total current assets divided by total current liabilities.

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- (3) Quick ratio is calculated as total current assets less inventories divided by total current liabilities.

FINANCIAL RISK DISCLOSURE

We are exposed to a variety of financial risks mainly arising from our financial instruments, including interest rate risk, foreign currency risk, credit risk, and liquidity risk. We manage and monitor these exposures to ensure appropriate measures are implemented in a timely and effective manner. For more details, including relevant sensitivity analysis, see note 40 to the Accountants’ Report as set out in Appendix I of this document.

Interest Rate Risk

We are exposed to interest rate risk for changes in interest rates related primarily to our bank borrowings with floating interest rates. We do not use derivative financial instruments to hedge our interest rate risk.

Credit Risk

We trade only with recognized and creditworthy third parties. Our policy stipulates that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and our exposure to bad debts is not significant.

Liquidity Risk

To manage liquidity risk, we continuously monitor and maintain a level of cash and cash equivalents deemed adequate by our management to finance the operations and mitigate the effects of fluctuations in cash flows.

DIVIDENDS

We are a joint stock company incorporated under PRC laws. According to the PRC Company Law, a PRC-incorporated company is required to set aside at least 10% of its after-tax profits each year, after making up previous years’ accumulated losses, if any, determined under PRC GAAP, to contribute to certain statutory reserve funds until the aggregate amount contributed to such funds reaches 50% of its registered capital. The company may pay dividends out of after-tax profits after making up for accumulated losses and contributing to statutory reserve funds as mentioned above. As advised by our PRC Legal Advisors, no dividend will be declared or payable, unless we have profits and reserves lawfully available for distribution. Any future net profit that we make will have to be first applied to make up for our historically accumulated losses, if any, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital.

We did not pay or declare any dividends during the Track Record Period. Currently, we do not have a formal dividend policy.

DISTRIBUTABLE RESERVES

As of February 28, 2026, we had no distributable reserves.

DISCLOSURE REQUIRED UNDER CHAPTER 13 OF THE LISTING RULES

Our Directors have confirmed that, as of the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FINANCIAL INFORMATION

NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, the Directors confirm that, up to the date of this document, except as otherwise disclosed in this section, there have been no material adverse changes in our financial, operational, or trading position or prospects since December 31, 2025, being the date of the latest reporting period ended of our consolidated financial statements as set out in the Accountant’s Report in Appendix I to this document, and there is no event since December 31, 2025 that would materially affect the information as set out in the Accountant’s Report included in Appendix I to this document.

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

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

FUTURE PLANS AND [REDACTED]

FUTURE PLANS

We apply for the [REDACTED] as part of our efforts to foster our growth to the next stage and strengthen our competitive position in the modern electricity service industry. Specifically, we believe that the [REDACTED] will (i) promote our public profile and visibility in both domestic and international markets so that we may expand our user base and promote our brand recognition, (ii) further broaden our access to international capital markets so that we may raise capital more efficiently both upon and after the [REDACTED] to support our growth, and (iii) attract talent and incentivize our employees. In addition, we choose [REDACTED] in Hong Kong because Hong Kong is a strategic gateway to international capital markets.

For a detailed description of our future plans, see “Business — Our Strategies.”

[REDACTED]

We estimate that we will receive [REDACTED] from the [REDACTED] of HK\$[REDACTED] assuming no exercise of the [REDACTED], based on an assumed [REDACTED] of HK\$[REDACTED] per [REDACTED], being the mid-point of the [REDACTED] range of HK\$[REDACTED] to HK\$[REDACTED] per [REDACTED], after deducting [REDACTED] and fees and other estimated [REDACTED] expenses paid and payable by us in relation to the [REDACTED].

In line with our strategies to enhance our domestic presence, implement AI integration across core operations, and expand into global market of the modern electricity services, we plan to use the [REDACTED] from the [REDACTED] for the purposes and in the amounts set forth below:

- approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED], will be used to enhance the scale and density of our assets network and to further strengthen our domestic presence in the modern electricity service market — in particular,
 - approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED] will be used for the physical development of an expanded asset base across more regions in China, as we intend to expand our DES asset development business into developed regions with advanced electricity marketization, supportive regulatory regimes, and significant mismatch of electricity supply and demand, such as Guangdong, Henan, and Shanghai, by leveraging our established presence in Jiangsu, Zhejiang, and Anhui, aiming to achieve broader coverage of physical power nodes that serve as the foundation for expanding the scale and scope of our electricity services; and
 - approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED] will be used to diversify our adjustable asset portfolio to provide comprehensive resource backing for our electricity services by actively developing and incorporating diverse assets, including wind-solar-storage for industrial parks, renewable power generation assets, and standalone energy storage assets, with DES assets network as our cornerstone;
- approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED], will be used for the research and development to enhance our AI capabilities for Green Electricity platform and Mushroom Xiaomei AI agent platform — for our research and development approach, see “Business — Research and Development” — in particular,
 - approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED], will be allocated to procuring hardware, software, and other related services to enhance our core AI capabilities, with key strategic directions being the upgrading of electricity trading capabilities, the improvement of the precision of energy storage dispatch in VPP and electricity trading, and the optimization of full lifecycle management for DES assets;

FUTURE PLANS AND [REDACTED]

- approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED] will be used for hardware and computing power, with a particular focus on procurement for hardware, such as chips, and servers, data center leasing, and cloud services deployment to establish a stable and efficient computing foundation for model training and operation, thereby bolstering our underlying AI computing capacity;
- approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED] will be used for third-party software, focusing on training software that is specifically optimized to run on designated hardware, and data resources, such as weather data, power generation data, and load data, to enhance algorithmic accuracy and adaptability; and
- approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED] will be used for third-party services, including IP protection, compliance filing, testing and assessments, and data service used for the verification of Mushroom Xiaomei, to ensure the compliance, reliability, and practical application efficacy of our technology platforms;
- approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED], will be used to expand our research and development team to support the continued iteration and upgrading of our technology platforms by recruiting top-tier talents with interdisciplinary backgrounds in power systems, electricity markets, data science, and AI agents, including roles such as large model algorithm engineers, power trading strategists, and backend system development and maintenance personnel, to further strengthen the overall scale and professional expertise of our research and development team;
- approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED], will be used to advance global deployment of DES assets and support our overseas expansion — in particular, we intend to replicate our proven business model integrating DES asset development and electricity services to penetrate key overseas markets characterized by mature electricity market mechanisms and significant growth potential, such as Europe and East Asia, as part of our overseas strategy, we intend to forge strategic partnerships with leading energy storage manufacturers and long-established asset investors with deep overseas roots in order to achieve the optimal global allocation and efficient synergy of technology, capital, and talent, thereby progressively enhancing our market influence and industry standing in the global modern electricity service sector; and
- approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED], will be used for working capital and other general corporate purposes.

If the [REDACTED] is set at the high point or the low point of the [REDACTED] range, the [REDACTED] of the [REDACTED] will increase or decrease by HK\$[REDACTED], respectively. Under such circumstances, we will increase or decrease the allocation of the [REDACTED] to the above purposes on a pro rata basis.

If the [REDACTED] is exercised in full, the additional [REDACTED] of the [REDACTED] will be HK\$[REDACTED], based on an assumed [REDACTED] of HK\$[REDACTED] per [REDACTED], being the mid-point of the [REDACTED] range of HK\$[REDACTED] to HK\$[REDACTED] per [REDACTED]. Our Company may be required to issue up to an aggregate of [REDACTED] additional Shares pursuant to the [REDACTED].

To the extent that the [REDACTED] of the [REDACTED] are not immediately required for the above purposes, we will only hold such funds in short-term interest-bearing accounts at licensed commercial banks or other authorized financial institutions (as defined under the Securities and Futures Ordinance or other 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]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

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HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report received from the Company’s reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this Document.

[To insert the firm’s letterhead]

ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF MAKESENSE ENERGY TECHNOLOGY CO., LIMITED AND GUOTAI JUNAN CAPITAL LIMITED

Introduction

We report on the historical financial information of Makesense Energy Technology Co., Limited (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-[●] to I-[●], which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2023, 2024 and 2025 (the “Relevant Periods”), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2023, 2024 and 2025 and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages I-[●] to I-[●] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [REDACTED] (the “Document”) in connection with the initial [REDACTED] of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Directors’ responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants’ responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants’ Reports on Historical Financial Information in Investment Circulars* as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants’ judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity’s preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants’ report, a true and fair view of the financial position of the Group and the Company as at 31 December 2023, 2024 and 2025 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

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-[●] have been made.

Dividends

We refer to note 13 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

[●]

Certified Public Accountants

Hong Kong

[Date]

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ACCOUNTANTS’ REPORT

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants’ report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing as issued by the HKICPA (the “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.

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
CONTINUING OPERATIONS				
REVENUE	5	174,152	124,618	519,976
Cost of sales		(169,644)	(119,429)	(468,092)
Gross profit		4,508	5,189	51,884
Other income and gains	5	5,149	12,150	49,798
Selling and distribution expenses		(58,764)	(49,571)	(47,605)
Administrative expenses		(63,360)	(74,947)	(76,006)
Research and development expenses		(48,264)	(42,400)	(19,447)
Impairment losses on financial assets, net	8	(7,191)	(9,162)	(2,630)
Other expenses	6	(394)	(73)	(20,162)
Changes on unlisted investments at fair value through profit or loss (“FVTPL”)		—	(5,034)	(4,742)
Interest expenses on borrowings and lease liabilities	7	(2,732)	(8,170)	(13,767)
Interest expenses on redemption liabilities on ordinary shares	28	(80,668)	(97,721)	(143,260)
Changes on financial liabilities due to fund investors	29	(18,894)	(5,609)	(5,834)
Share of profits and losses of associates		—	(4)	(194)
LOSS BEFORE TAX FROM CONTINUING OPERATIONS				
Income tax expense	11	—	(2,321)	(3,417)
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR FROM CONTINUING OPERATIONS				
DISCONTINUED OPERATION				
Loss and total comprehensive loss for the year from a discontinued operation	12	(20,584)	(20,989)	—
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR				
Attributable to:				
Owners of the parent		(291,192)	(298,705)	(235,719)
Non-controlling interests		(2)	43	337
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT				
Basic and diluted (RMB)	14			
– For loss for the year		[(52.50)]	[(29.67)]	[(19.02)]
– For loss from continuing operations		[(48.79)]	[(27.58)]	[(19.02)]

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	15	49,037	13,049	9,031
Right-of-use assets	16	25,439	13,509	8,731
Intangible assets	17	–	1,058	963
Prepayments, other receivables and other assets	21	13,384	29,688	38,125
Investments in associates	18	480	8,504	9,349
Financial assets at FVTPL	22	2,000	16,734	35,827
Total non-current assets		90,340	82,542	102,026
CURRENT ASSETS				
Inventories	19	111,982	426,115	342,738
Trade and bills receivables	20	151,847	105,894	285,177
Prepayments, other receivables and other assets	21	90,726	114,471	62,183
Amounts due from related parties	38	242	–	4,478
Financial assets at FVTPL	22	40,000	40,000	10,000
Pledged and restricted deposits	23	38,974	46,720	70,610
Cash and cash equivalents	23	232,417	266,445	224,745
Total current assets		666,188	999,645	999,931
CURRENT LIABILITIES				
Redemption liabilities on ordinary shares	28	1,035,605	1,313,326	1,456,586
Financial liabilities due to fund investors	29	26,191	43,558	3,650
Trade and bills payables	24	57,877	108,036	182,376
Other payables and accruals	25	29,665	27,499	26,777
Interest-bearing bank and other borrowings . . .	27	68,693	286,250	387,071
Lease liabilities	16	7,901	4,461	5,070
Contract liabilities	26	7,390	34,385	4,606
Tax payable		–	2,321	3,995
Total current liabilities		1,233,322	1,819,836	2,070,131
NET CURRENT LIABILITIES		(567,134)	(820,191)	(1,070,200)
TOTAL ASSETS LESS CURRENT LIABILITIES				
		(476,794)	(737,649)	(968,174)
NON-CURRENT LIABILITIES				
Interest-bearing bank and other borrowings . . .	27	18,027	50,117	49,546
Deferred income	30	–	3,812	3,890
Lease liabilities	16	19,353	9,160	4,515
Total non-current liabilities		37,380	63,089	57,951
Net liabilities		(514,174)	(800,738)	(1,026,125)
EQUITY				
Equity attributable to owners of the parent				
Paid-in capital	32	9,478	12,394	12,394
Reserves	33	(524,380)	(815,539)	(1,040,963)
		(514,902)	(803,145)	(1,028,569)
Non-controlling interests		728	2,407	2,444
Total deficits		(514,174)	(800,738)	(1,026,125)

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2023

	Attributable to owners of the parent						Non-controlling interests	Total deficits
	Paid-in capital	Capital reserve*	Share-based payment reserve*	Other reserve*	Accumulated losses*	Total		
	RMB'000 (note 32)	RMB'000 (note 33)	RMB'000 (note 34)	RMB'000 (note 33)	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2023 . .	5,913	610,998	6,269	(616,485)	(236,259)	(229,564)	610	(228,954)
Loss and total comprehensive loss for the year	–	–	–	–	(291,192)	(291,192)	(2)	(291,194)
Capital contribution from non-controlling interests	–	–	–	–	–	–	730	730
Disposal of subsidiaries (note 35)	–	–	–	–	–	–	(610)	(610)
Capital contribution from shareholders (note 32)	3,565	249,010	–	–	–	252,575	–	252,575
Recognition of redemption liabilities on ordinary shares (note 28)	–	–	–	(250,000)	–	(250,000)	–	(250,000)
Equity-settled share award arrangements (note 34)	–	–	3,279	–	–	3,279	–	3,279
As at 31 December 2023	<u>9,478</u>	<u>860,008</u>	<u>9,548</u>	<u>(866,485)</u>	<u>(527,451)</u>	<u>(514,902)</u>	<u>728</u>	<u>(514,174)</u>

Year ended 31 December 2024

	Attributable to owners of the parent						Non-controlling interests	Total deficits
	Paid-in capital	Capital reserve*	Share-based payment reserve*	Other reserve*	Accumulated losses*	Total		
	RMB'000 (note 32)	RMB'000 (note 33)	RMB'000 (note 34)	RMB'000 (note 33)	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2024 . .	9,478	860,008	9,548	(866,485)	(527,451)	(514,902)	728	(514,174)
Loss and total comprehensive loss for the year	–	–	–	–	(298,705)	(298,705)	43	(298,662)
Capital contribution from non-controlling interests	–	–	–	–	–	–	1,636	1,636
Capital contribution from shareholders (note 32)	2,916	179,287	–	–	–	182,203	–	182,203
Recognition of redemption liabilities on ordinary shares (note 28)	–	–	–	(180,000)	–	(180,000)	–	(180,000)
Equity-settled share award arrangements (note 34)	–	–	8,259	–	–	8,259	–	8,259
As at 31 December 2024	<u>12,394</u>	<u>1,039,295</u>	<u>17,807</u>	<u>(1,046,485)</u>	<u>(826,156)</u>	<u>(803,145)</u>	<u>2,407</u>	<u>(800,738)</u>

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ACCOUNTANTS’ REPORT

Year ended 31 December 2025

	Attributable to owners of the parent						Non-controlling interests	Total deficits
	Paid-in capital	Capital reserve*	Share-based payment reserve*	Other reserve*	Accumulated losses*	Total		
	<i>RMB'000</i> <i>(note 32)</i>	<i>RMB'000</i> <i>(note 33)</i>	<i>RMB'000</i> <i>(note 34)</i>	<i>RMB'000</i> <i>(note 33)</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2025 . .	12,394	1,039,295	17,807	(1,046,485)	(826,156)	(803,145)	2,407	(800,738)
Loss and total comprehensive loss for the year	–	–	–	–	(235,719)	(235,719)	337	(235,382)
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	(300)	(300)
Equity-settled share award arrangements <i>(note 34)</i>	–	–	10,295	–	–	10,295	–	10,295
As at 31 December 2025	<u>12,394</u>	<u>1,039,295</u>	<u>28,102</u>	<u>(1,046,485)</u>	<u>(1,061,875)</u>	<u>(1,028,569)</u>	<u>2,444</u>	<u>(1,026,125)</u>

* These reserve accounts comprised the consolidated negative reserves of RMB(524,380,000), RMB(815,539,000) and RMB(1,040,963,000) in the consolidated statements of financial position as at 31 December 2023, 2024 and 2025, respectively.

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before tax:				
From continuing operations		(270,610)	(275,352)	(231,965)
From discontinued operations	12	(20,582)	(20,956)	—
Adjustments for:				
Interest income	5	(2,241)	(2,432)	(1,764)
Interest expenses on borrowings and lease liabilities		3,637	8,489	13,767
Interest on redemption liabilities on ordinary shares	28	80,668	97,721	143,260
Share of profits and losses of associates . . .	18	—	4	194
Changes on financial liabilities due to fund investors	29	18,894	5,609	5,834
Impairment losses on financial assets, net . .		7,486	14,713	2,630
Impairment loss on prepayment		—	—	9,746
Impairment loss on property, plant and equipment	15	11,372	—	—
Impairment of inventories	8	3,006	14,852	7,473
Depreciation of property, plant and equipment	15	24,203	16,483	6,367
Depreciation of right-of-use assets	16	8,838	7,825	4,872
Amortisation of intangible assets	8, 17	—	56	225
Loss on disposal of items of property, plant and equipment	6	—	40	267
Gain on disposal of subsidiaries	35	(522)	(30)	(44,696)
Changes on unlisted investments at FVTPL .		—	5,034	4,742
Investment income on wealth management products	5	(706)	(1,150)	(461)
Foreign exchange differences, net	8	325	13	—
Unrealized internal profit on associates	18	—	—	3,461
Share-based payment expenses	8	3,279	8,259	10,295
		(132,953)	(120,822)	(65,753)
(Increase)/decrease in inventories		(17,763)	(328,985)	24,078
(Increase)/decrease in trade and bills receivables		(133,739)	29,082	(176,105)
Increase in amounts due from related parties . .		—	—	(4,478)
(Increase)/decrease in prepayment, other receivables and other assets		(38,417)	(62,550)	24,832
Increase in deferred income		—	3,812	78
(Decrease)/increase in trade and bills payables		(10,323)	65,053	78,413
Increase/(decrease) in other payables and accruals		12,977	(3,157)	3,366
Increase/(decrease) in contract liabilities		(10,919)	27,808	(29,779)
(Increase)/decrease in pledged and restricted deposits		(1,392)	4,255	(33,890)
Cash used in operations		(332,529)	(385,504)	(179,238)
Income tax paid		(9)	(33)	(1,743)
Net cash flows used in operating activities . . .		(332,538)	(385,537)	(180,981)

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		Year ended 31 December		
Notes		2023	2024	2025
		RMB'000	RMB'000	RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES				
		2,241	2,432	1,764
		(16,790)	(6,475)	(4,562)
		–	(1,114)	(130)
		2,779	5,770	933
	35	(1,206)	18,050	(5,711)
		(480)	(8,028)	(4,500)
		(11,000)	–	–
		–	11,000	–
		–	242	–
		–	(10,000)	–
		(417,000)	(305,492)	(177,233)
		458,095	286,873	209,071
		16,639	(6,742)	19,632
CASH FLOWS FROM FINANCING ACTIVITIES				
		105,471	457,566	542,265
		(67,980)	(209,086)	(406,541)
		(2,165)	(6,507)	(9,996)
		–	–	(1,133)
		7,510	12,810	–
		(213)	(1,052)	–
	36(b)	(8,747)	(9,250)	(4,646)
	32	252,575	182,203	–
		730	1,636	–
		–	–	(300)
		–	(2,000)	(2,000)
		–	–	2,000
		287,181	426,320	119,649
		(28,718)	34,041	(41,700)
		261,460	232,417	266,445
		(325)	(13)	–
	23	232,417	266,445	224,745
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
		232,417	266,445	224,745
		232,417	266,445	224,745

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STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	15	14,212	8,263	4,632
Right-of-use assets	16	1,248	6,233	3,241
Intangible assets	17	—	1,058	963
Prepayments, other receivables and other assets	21	363	331	6,276
Investments in subsidiaries	1	265,156	597,635	788,772
Financial assets at FVTPL	22	2,000	15,788	30,597
Investment in associates	18	—	4,500	9,101
Total non-current assets		282,979	633,808	843,582
CURRENT ASSETS				
Inventories	19	9,737	7,592	3,560
Trade and bills receivables	20	53,168	32,657	34,073
Prepayments, other receivables and other assets	21	60,516	25,920	43,526
Amounts due from subsidiaries and other related parties		95,716	171,943	136,707
Financial assets at FVTPL	22	40,000	40,000	10,000
Pledged and restricted deposits	23	29,761	22,604	5,000
Cash and cash equivalents	23	218,083	197,350	121,792
Total current assets		506,981	498,066	354,658
CURRENT LIABILITIES				
Redemption liabilities on ordinary shares	28	1,035,605	1,313,326	1,456,586
Trade and bills payables	24	41,349	23,434	63,975
Other payables and accruals	25	19,906	16,032	18,436
Contract liabilities	26	4,682	507	901
Amounts due to subsidiaries		66,040	168,888	106,902
Interest-bearing bank and other borrowings . . .	27	19,920	160,893	304,016
Lease liabilities	16	1,091	1,590	3,260
Financial liabilities at FVTPL		2,133	4,764	4,382
Total current liabilities		1,190,726	1,689,434	1,958,458
NET CURRENT LIABILITIES		(683,745)	(1,191,368)	(1,603,800)
TOTAL ASSETS LESS CURRENT LIABILITIES				
		(400,766)	(557,560)	(760,218)
NON-CURRENT LIABILITIES				
Lease liabilities	16	—	3,675	417
Deferred Income	30	—	3,812	3,890
Total non-current liabilities		—	7,487	4,307
Net liabilities		(400,766)	(565,047)	(764,525)
EQUITY				
Paid-in capital	32	9,478	12,394	12,394
Reserves	33	(410,244)	(577,441)	(776,919)
Total deficits		(400,766)	(565,047)	(764,525)

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II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Makesense Energy Technology Co., Limited (the “Company”) was established as a limited liability company in the People’s Republic of China (the “PRC”) on 19 January 2018 and was converted into a joint-stock company with limited liability on 5 February 2026. The registered office address of the Company is located at Building 2, Lane 288, Qianfan Road, Songjiang District, Shanghai, PRC.

The Company and its subsidiaries (the “Group”) are principally engaged in the development of distributed energy storage (“DES”) assets and other assets and the provision of electricity services.

As at the date of this report, the Company had direct and indirect interests in its principal subsidiaries as below:

Name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Zhongyue Architecture (Shanghai) Co., Ltd.* 中 岳建築(上海)有限公司 (note a)	PRC/Chinese mainland 28 Oct 2019	RMB50,000,000	100.00%	–	Provision of intelligent electricity services
Zhejiang Makesense Energy Technology Co., Ltd.* 浙 江美克生能源科技有限公 司 (note a)	PRC/Chinese mainland 26 Oct 2022	RMB50,000,000	100.00%	–	Provision of intelligent electricity services
Beijing Makesense Energy Technology Co., Ltd.* 北 京美克生能源科技有限公 司 (note b)	PRC/Chinese mainland 21 Nov 2024	RMB30,000,000	100.00%	–	Provision of intelligent electricity services

Notes:

- The statutory financial statements of these entities for the years ended 31 December 2023 and 2024 prepared in accordance with the Generally Accepted Accounting Principles in PRC (“PRC GAAP”) were audited by BDO China Shu Lun Pan Certified Public Accountants LLP (立信會計師事務所(特殊普通合夥)), certified public accountants registered in the PRC.
- The statutory financial statements of the entity for the period ended 31 December 2024 prepared in accordance with the PRC GAAP were audited by BDO China Shu Lun Pan Certified Public Accountants LLP (立信會計師事務所(特殊普通合夥)), certified public accountants registered in the PRC.

The statutory financial statements of these entities for the year ended 31 December 2025 have not yet been issued as of the date of this report.

* The English names of these entities registered in the PRC represent the best efforts made by the directors of the Company to directly translate their Chinese names as they did not register any official English names.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the Relevant Periods or formed a substantial portion of the net assets of the Group.

The Company

The carrying amounts of the Company’s investments in subsidiaries:

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Investment, at cost	92,855	115,544	99,794
Impairment on subsidiaries	(2,600)	–	–
Guarantee for subsidiaries	2,369	5,761	5,519
Deemed investments arising from loans to subsidiaries	172,532	473,655	679,795
Deemed investments arising from share-based payments	–	2,675	3,664
Total	265,156	597,635	788,772

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board (“IASB”). All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been consistently adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

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The Historical Financial Information has been prepared on a going concern basis notwithstanding that, as at 31 December 2025, the Group had net current liabilities of RMB1,070,200,000, primarily due to the significant amount of the redemption liabilities on ordinary shares of RMB1,456,586,000 arising from the financing with redemption feature from [REDACTED] investors. The redemption liabilities on ordinary shares will not result in future cash payments within the next twelve months from 31 December 2025 because the redemption feature has been irrevocably terminated in April 2026. In this regard, the directors of the Company are of the opinion that the Company is not obligated to settle the redemption liabilities in next twelve months from 31 December 2025.

In addition, the directors have reviewed the Group’s cash flow projections, which cover a period of at least twelve months from 31 December 2025. The directors are of the opinion that the Group will have sufficient working capital to meet its financial liabilities and obligations when they fall due and to sustain its operations for the next 12 months from 31 December 2025.

The Historical Financial Information has been prepared under the historical cost convention, except for certain financial instruments which have been measured at fair value.

Basis of consolidation

The Historical Financial Information includes the financial statements of the Group for the Relevant Periods. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and amended IFRS Accounting Standards, that have been issued but are not yet effective, in the Historical Financial Information. The Group intends to apply these new and amended IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	<i>Presentation and Disclosure in Financial Statements²</i>
IFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures²</i>
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments¹</i>
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity¹</i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i>
Amendments to IAS 21	<i>Translation to a Hyperinflationary Presentation Currency²</i>
<i>Annual Improvements to IFRS Accounting Standards – Volume 11</i>	<i>Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7¹</i>

- 1 Effective for annual periods beginning on or after 1 January 2026
- 2 Effective for annual/reporting periods beginning on or after 1 January 2027
- 3 No mandatory effective date yet determined but available for adoption

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss and other comprehensive income, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss and other comprehensive income into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS

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1 are moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as IAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 *Statement of Cash Flows*, IAS 33 *Earnings per Share* and IAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other IFRS Accounting Standards. The application of IFRS 18 is not expected to have a material impact on the financial position of the Group but is expected to affect the presentation of the statement of profit or loss and other comprehensive income and statement of cash flows and additional disclosure will be included in the financial statements.

Except for IFRS 18, the directors of the Company anticipate that the application of these new and amended IFRS Accounting Standards will have no material impact on the Group's financial performance and financial position in the foreseeable future.

2.3 MATERIAL ACCOUNTING POLICIES

Investments in associates

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it 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 Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of associates is included in the consolidated statements of profit or loss and other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statements of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Fair value measurement

The Group measures its certain financial instruments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1	–	based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	–	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3	–	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, and financial assets), the asset’s recoverable amount is estimated. An asset’s recoverable amount is the higher of the asset’s or cash-generating unit’s value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person’s family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;
- or
- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Machinery	19.00%
Charging equipment and shared e-bikes	9.50% to 31.67%
Motor vehicles	23.75%
Electronic and other equipment	19.00% to 31.67%
Leasehold improvements	Over the shorter of the lease terms and estimated useful lives

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Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Software

Purchased software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 5 years.

Research and development costs

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Office premises	2 to 4 years
Charging stations	2 to 10 years

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

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(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of office premises (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipments that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group’s business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for “Revenue recognition” below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest (“SPPI”) on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category includes wealth management products and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in profit or loss when the right of payment has been established.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group’s consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group’s continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

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Impairment of financial assets

The Group recognises an allowance for expected credit losses for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 180 days past due.

The Group considers a financial asset in default when contractual payments are 365 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1	–	Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
Stage 2	–	Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
Stage 3	–	Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Classification as equity and financial liabilities

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 financial liability and equity instrument.

A financial liability is any liability that is (a) a contractual obligation (i) to deliver cash or another financial asset to another entity; or (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or (b) a contract that will or may be settled in the entity's own equity instruments and is: (i) a non derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings and payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. Redemption liabilities are initially recognised at the net present value of redemption amount.

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The Group’s financial liabilities include redemption liabilities on ordinary shares, financial liabilities due to fund investors, trade and bills payables, other payables and accruals and interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss (financial liabilities due to fund investors)

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the profit or loss, except for the gains or losses arising from the Group’s own credit risk which are presented in other comprehensive income with no subsequent reclassification to the profit or loss. The net fair value gain or loss recognised in the profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities at amortised cost (redemption liabilities on ordinary shares, trade and bills payables, other payables and accruals, and borrowings)

After initial recognition, redemption liabilities on ordinary shares, financial liabilities due to fund investors, trade and bills payables, other payables and accruals and interest-bearing bank borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in interest expenses on borrowings, lease liabilities and redemption liabilities on ordinary shares in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the specific identification basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group’s cash management.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

DES and other assets development

Revenue from the DES and other assets development is recognised at the point in time when control of the asset is transferred to the customer and it is probable that the Group will collect the consideration to which it is entitled in exchange for those goods or services.

Provision of electricity services

Revenue from the provision of electricity services is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group. The transaction price for the service is determined based on the actual verified energy savings, as specified in the contract with the customer, and payment generally is settled on monthly basis. The revenue recognised for each month is based on the invoice amount.

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Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Share-based payments

The Company operates share award schemes. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments (“equity-settled transactions”). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model or the discounted cash flow method, further details of which are given in note 34 to the Historical Financial Information.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group’s best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group’s best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

Other employee benefits

Pension scheme

The employees of the Company and the Group’s subsidiaries which operate in Chinese mainland are required to participate in a central pension scheme operated by the local municipal government. The Company and the subsidiaries operating in Chinese mainland are required to contribute a certain percentage of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

All borrowing costs are expensed in the period in which they are incurred.

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group’s Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

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Judgements

In the process of applying the Group’s accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Group had tax losses and deductible temporary differences carried forward. These losses related to subsidiaries that have a history of losses, have not expired, and may not be used to offset taxable income elsewhere in the Group. The subsidiaries have neither any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward. Further details are given in note 31 to the Historical Financial Information.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by gross domestic product).

The provision matrix is initially based on the Group’s historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group’s historical credit loss experience and forecast of economic conditions may also not be representative of a customer’s actual default in the future. The information about the ECLs on the Group’s trade receivables is disclosed in note 20 to the Historical Financial Information.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm’s length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Provision for inventories

The Group assesses periodically if cost of inventories may not be recoverable based on an assessment of the net realisable value of inventories. Allowances are applied to inventories where events or changes in circumstances indicate that the net realisable value is lower than the cost of inventories. The identification of obsolete inventories requires the use of judgement and estimates on the conditions and usefulness of the inventories, the net realisable value has been determined based on the contracted selling price to be recognised less all estimated remaining costs to completion and costs necessary to provide the service. Where the expectation is different from the original estimate, such difference will impact the carrying value of the inventories in the year in which such estimate changes.

Fair value of redemption liabilities on ordinary shares

The fair value of redemption liabilities on ordinary shares is determined using valuation techniques, including the back-solve method and discounted cash flow method. Such valuation requires the Group to make estimates of the key assumptions including the risk-free interest rate, discount for lack of marketability (“DLOM”) and volatility, which are subject to uncertainty. Further details are given in note 28 to the Historical Financial Information.

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Fair values of financial liabilities due to fund investors and financial assets at FVTPL (non-current portion)

The fair values of financial liabilities due to fund investors and financial assets at FVTPL (non-current portion) is determined using discounted cash flow method or a market-based approach. Such valuation requires the Group to make estimates of the key assumptions including the discount rate and forecasted profit, which are subject to uncertainty. Further details are given in notes 22 and 29 to the Historical Financial Information.

Fair value of equity-settled share award arrangements

Estimating the fair value of equity-settled share award arrangements requires the determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires the determination of the most appropriate inputs to the valuation model including the expected life of the share award, volatility and dividend yield and making assumptions about them.

For the measurement of the fair value of equity-settled share award arrangements with employees at the grant date, the Group uses a binomial model. The assumptions and models used for estimating fair value are disclosed in note 34 to the Historical Financial Information.

4. OPERATING SEGMENT INFORMATION

Operating segment information

For management purposes, the Group has only one reportable operating segment, which engages in the provision of intelligent electricity services. Since this is the only reportable operating segment of the Group, no further operating segment analysis thereof is presented.

Geographical information

(a) *Revenue from external customers*

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Chinese mainland	169,315	124,618	519,976
Overseas	4,837	—	—
Total revenue	<u>174,152</u>	<u>124,618</u>	<u>519,976</u>

The revenue information above is based on the locations of the customers.

(b) *Non-current assets*

During the Relevant Periods, all of the Group’s non-current assets were located in Chinese mainland, and therefore no geographical information is presented in accordance with IFRS 8 *Operation Segments*.

Information about major customers

Revenue from each major customers, including revenue from a group of entities which are known to be under common control with that customer, which accounted for 10% or more of the Group’s revenue during the Relevant Periods are set out below:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Customer A	*	44,634	150,809
Customer B	*	14,049	60,490
Customer C	*	*	70,089
Customer D	*	*	121,518
Customer E	53,605	21,010	*
Customer F	35,351	*	*
Customer G	<u>29,247</u>	<u>*</u>	<u>*</u>

* The amounts are less than 10% of the Group’s revenue.

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5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Revenue from contracts with customers	174,152	124,618	519,976

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Types of goods or services			
DES and other assets development	137,561	82,245	463,528
Provision of electricity services	18,506	35,598	49,038
Others	18,085	6,775	7,410
Total	174,152	124,618	519,976
Timing of revenue recognition			
At a point in time	155,646	89,020	470,938
Over time	18,506	35,598	49,038
Total	174,152	124,618	519,976

The following table shows the amounts of revenue recognised during the Relevant Periods that were included in the contract liabilities at the beginning of the Relevant Periods:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
<i>Revenue recognised that was included in contract liabilities at the beginning of the year:</i>			
DES and other assets development	–	643	15,389
Provision of electricity services	–	445	845
Others	228	1,944	470
Total	228	3,032	16,704

(b) Performance obligations

Information about the Group’s performance obligations is summarised below:

DES and other assets development

Revenue from the DES and other assets development is recognised at the point in time when control of the asset is transferred to the customer and it is probable that the Group will collect the consideration to which it is entitled in exchange for those goods or services.

The payment is generally due within 3 to 7 days or 180 days from the date of billing.

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Provision of electricity services

The performance obligation is satisfied over time as services are rendered and payment is generally due within seven days from the date of billing.

All the sales contracts with customers are for periods of one year or less. Under the practical expedient allowed by IFRS 15, the Group does not disclose the value of unsatisfied performance obligation.

Other income and gains

An analysis of other income and gains is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
<u>Other income</u>			
Government grants*	1,924	7,027	2,190
Bank interest income	2,241	2,432	1,764
Dividend income from financial assets at FVTPL	–	1,102	–
Others	127	409	687
Total other income	4,292	10,970	4,641
<u>Gains</u>			
Gain on disposal of subsidiaries 35	151	30	44,696
Investment income and fair value gain on wealth management products	706	1,150	461
Total other gains	857	1,180	45,157
Total other income and gains	5,149	12,150	49,798

* The government grants have been received from the PRC local government authorities to support the operating activities of the Group. There are no unfulfilled conditions relating to these government grants.

6. OTHER EXPENSES

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Loss on disposal of property, plant and equipment	–	40	267
Losses on prepayments	–	–	19,087
Others	394	33	808
Total	394	73	20,162

7. INTEREST EXPENSES ON BORROWINGS AND LEASE LIABILITIES

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Interest on bank borrowings	2,165	6,507	9,996
Interest on other borrowings	144	1,167	3,255
Interest on lease liabilities	423	496	516
Total	2,732	8,170	13,767

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8. LOSS BEFORE TAX

The Group’s loss before tax from continuing operations is arrived at after charging/(crediting):

	Notes	Year ended 31 December		
		2023	2024	2025
		RMB’000	RMB’000	RMB’000
Cost of inventories sold		157,016	95,140	428,350
Cost of service provided		12,628	24,289	39,742
Research and development costs*		48,264	42,400	19,447
Depreciation of property, plant and equipment		3,005	4,768	6,367
Depreciation of right-of-use assets		5,022	6,513	4,872
Amortisation of intangible assets	17	–	56	225
Foreign exchange differences, net		325	13	–
Impairment of inventories		3,006	14,852	7,473
Impairment of financial assets, net:				
Impairment of trade receivables, net		7,191	9,162	2,396
Impairment of other receivables, net		–	–	234
Total		7,191	9,162	2,630
Lease payments not included in the measurement of lease liabilities	16(c)	111	213	546
[REDACTED] expenses		[REDACTED]	[REDACTED]	[REDACTED]
Employee benefit expense (including directors’ and general manager’s remuneration (note 9):				
– Salaries, allowances and benefits in kind		92,261	81,355	61,172
– Discretionary bonus		11,453	9,136	8,151
– Pension scheme contributions		8,935	6,995	6,399
– Equity-settled share-based payment expenses		3,279	8,259	10,295
Total		115,928	105,745	86,017
Auditor’s remuneration		300	360	220

* Research and development costs include depreciation of property, plant and equipment and employee benefit expenses.

9. DIRECTORS’ AND GENERAL MANAGER’S REMUNERATION

Directors’ and general manager’s remuneration during the Relevant Periods, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Salaries, allowances and benefits in kind	2,486	2,687	3,179
Discretionary bonus	757	3,516	7,055
Pension scheme contributions	160	165	189
Equity-settled share-based payment expenses	3,016	2,598	5,597
Total	6,419	8,966	16,020

During the Relevant Periods, certain directors were granted share awards, in respect of their services to the Group, under the share award scheme of the Company, further details of which are set out in note 34 to the Historical Financial Information. The fair value of such share awards, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the Historical Financial Information for the Relevant Periods is included in the above directors’ and general manager’s remuneration disclosures.

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(a) Directors and the general manager

	Salaries, allowances and benefits in kind	Discretionary bonus	Pension scheme contributions	Equity-settled share-based payment expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2023					
Director and general manager:					
Ms. Wei Qiong (<i>note (i)</i>)	1,049	600	45	—	1,694
Directors:					
Mr. Ding Jia Bao (<i>note (ii)</i>)	368	56	35	109	568
Dr. Yan Xiao (<i>note (ii)</i>)	300	—	—	2,689	2,989
Mr. Chen Guan Hua (<i>note (ii)</i>)	—	—	—	—	—
Mr. Zheng Zhi Liang (<i>note (iii)</i>)	—	—	—	—	—
Mr. Chen Kun Lin (<i>note (iv)</i>)	—	—	—	—	—
Mr. Hao Yi Wen (<i>note (iv)</i>)	—	—	—	—	—
Mr. Wang Dong Zheng (<i>note (v)</i>)	375	53	40	109	577
Mr. Liu Zhong Cai (<i>note (v)</i>)	394	48	40	109	591
Mr. Xiao Yi (<i>note (ii)</i>)	—	—	—	—	—
Mr. Luo Chao (<i>note (vi)</i>)	—	—	—	—	—
Subtotal	1,437	157	115	3,016	4,725
Total	2,486	757	160	3,016	6,419
	Salaries, allowances and benefits in kind	Discretionary bonus	Pension scheme contributions	Equity-settled share-based payment expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2024					
Director and general manager:					
Ms. Wei Qiong (<i>note (i)</i>)	1,474	3,325	71	—	4,870
Directors:					
Mr. Ding Jia Bao (<i>note (ii)</i>)	372	93	35	110	610
Dr. Yan Xiao (<i>note (ii)</i>)	300	—	—	2,696	2,996
Mr. Chen Guan Hua (<i>note (ii)</i>)	—	—	—	—	—
Mr. Zheng Zhi Liang (<i>note (iii)</i>)	—	—	—	—	—
Mr. Chen Kun Lin (<i>note (iv)</i>)	—	—	—	—	—
Mr. Hao Yi Wen (<i>note (iv)</i>)	—	—	—	—	—
Mr. Wang Dong Zheng (<i>note (v)</i>)	380	98	39	110	627
Mr. Liu Zhong Cai (<i>note (v)</i>)	161	—	20	(318)	(137)
Mr. Xiao Yi (<i>note (ii)</i>)	—	—	—	—	—
Mr. Luo Chao (<i>note (vi)</i>)	—	—	—	—	—
Subtotal	1,213	191	94	2,598	4,096
Total	2,687	3,516	165	2,598	8,966
	Salaries, allowances and benefits in kind	Discretionary bonus	Pension scheme contributions	Equity-settled share-based payment expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2025					
Director and general manager:					
Ms. Wei Qiong (<i>note (i)</i>)	1,824	6,786	71	2,321	11,002
Directors:					
Mr. Ding Jia Bao (<i>note (ii)</i>)	408	104	49	136	697
Dr. Yan Xiao (<i>note (ii)</i>)	300	—	—	2,689	2,989
Mr. Chen Guan Hua (<i>note (ii)</i>)	—	—	—	—	—
Dr. Liu Shuang Yu (<i>note (vii)</i>)	182	67	17	116	382
Mr. Xue Er Bai (<i>note (vii)</i>)	142	98	12	244	496
Mr. Zhou Hong Bin (<i>note (vii)</i>)	—	—	—	—	—
Mr. Wang Wen Jian (<i>note (vii)</i>)	—	—	—	—	—
Mr. Zheng Zhi Liang (<i>note (iii)</i>)	—	—	—	—	—
Mr. Chen Kun Lin (<i>note (iv)</i>)	—	—	—	—	—
Mr. Hao Yi Wen (<i>note (iv)</i>)	—	—	—	—	—
Mr. Wang Dong Zheng (<i>note (v)</i>)	323	—	40	91	454
Mr. Xiao Yi (<i>note (ii)</i>)	—	—	—	—	—
Mr. Luo Chao (<i>note (vi)</i>)	—	—	—	—	—
Subtotal	1,355	269	118	3,276	5,018
Total	3,179	7,055	189	5,597	16,020

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There was no arrangement under which a director or the general manager waived or agreed to waive any remuneration during the Relevant Periods.

Notes:

- (i) Ms. Wei Qiong was appointed as the general manager since January 2018 and as a director of the Company since March 2021.
- (ii) Dr. Yan Xiao, Mr. Ding Jia Bao, Mr. Chen Guan Hua and Mr. Xiao Yi were appointed as directors of the Company with effect from March 2021.
- (iii) Mr. Zheng Zhi Liang was appointed as a director of the Company with effect from January 2022.
- (iv) Mr. Chen Kun Lin and Mr. Hao Yi Wen were appointed as directors of the Company with effect from June 2021. Mr. Chen Kun Lin and Mr. Hao Yi Wen resigned as directors of the Company with effect from October 2025.
- (v) Mr. Wang Dong Zheng and Mr. Liu Zhong Cai were appointed as directors of the Company with effect from March 2021. Mr. Liu Zhong Cai resigned as directors of the Company with effect from June 2024. Mr. Wang Dong Zheng resigned as directors of the Company with effect from October 2025.
- (vi) Mr. Luo Chao was appointed as a director of the Company with effect from March 2022.
- (vii) Dr. Liu Shuang Yu, Mr. Xue Er Bai, Mr. Zhou Hong Bin and Mr. Wang Wen Jian were appointed as directors of the Company with effect from October 2025.

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the Relevant Periods included two directors, two directors and four directors, respectively, details of whose remuneration are set out in note 9 above. In addition, included in the five highest paid employees for the year ended 31 December 2025 were two individuals being appointed as directors during the year. The total remuneration of these individuals for the year ended 31 December 2025, including the remuneration in respect of their qualifying services as directors, is comprised of salaries, allowance and benefits in kind of RMB1,852,000, discretionary bonus of RMB960,000, pension scheme contributions of RMB106,000 and equity-settled share-based payment expenses of RMB1,266,000. Details of the remuneration during the Relevant Periods of remaining three, three and one highest paid employees, respectively, who are neither a director nor general manager of the Company are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries, allowances and benefits in kind	3,667	2,816	1,370
Discretionary bonus	1,255	1,370	440
Pension scheme contributions	102	114	62
Equity-settled share-based payment expenses	—	1,359	584
Total	<u>5,024</u>	<u>5,659</u>	<u>2,456</u>

The numbers of non-director and non-general manager highest paid employees whose remuneration fell within the following band are as follows:

	Number of employees Year ended 31 December		
	2023	2024	2025
HKD1,000,000 to HKD1,500,000	—	—	—
HKD1,500,001 to HKD2,000,000	3	2	—
HKD2,000,001 to HKD2,500,000	—	1	—
HKD2,500,001 to HKD3,000,000	—	—	1
Total	<u>3</u>	<u>3</u>	<u>1</u>

During the Relevant Period, share awards were granted to certain non-director and non-general manager highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 34 to the Historical Financial Information. The fair value of such awards, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the Historical Financial Information for the Relevant Periods is included in the above non-director and non-general manager highest paid employees’ remuneration disclosures.

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11. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Hong Kong

The Group’s subsidiary in Hong Kong is subject to Hong Kong profits tax at a rate of 16.5%. No Hong Kong profits tax was provided for as the Group did not generate any assessable profits arising in Hong Kong during the Relevant Periods.

Chinese mainland

Pursuant to the Corporate Income Tax Law of the People’s Republic of China and the respective regulations (the “CIT Law”), the subsidiaries which operate in Chinese mainland were subject to CIT at a rate of 25% on the taxable income during the Relevant Periods.

Pursuant to Caishui [2023] No. 12 “Circular of the Ministry of Finance, the State Administration of Taxation Issued on the Tax Policies for Further Support the Development of Small Low-profit Enterprises and Self-employed Businesses” (財政部稅務總局關於進一步支持小微企業和個體工商戶發展有關稅費政策的公告), certain subsidiaries whose annual taxable income is less than RMB1,000,000 will be included in the actual taxable income at 25%, based on which the enterprise income tax payable will be calculated at the reduced tax rate of 20%. This policy has taken effect on 1 January 2023 and will expire on 31 December 2027.

The income tax expense of the Group for the Relevant Periods is analysed as follow:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current income tax – Chinese mainland			
Current tax	2	2,354	3,417
Deferred tax (note 31)	–	–	–
Total tax charge for the year from continuing operations . . .	–	2,321	3,417
Total tax charge for the year from a discontinued operation .	2	33	–
Total	2	2,354	3,417

A reconciliation of the tax credit applicable to loss before tax at the statutory rates for the jurisdictions in which the Company and its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Loss before tax from continuing operations	(270,610)	(275,352)	(231,965)
Loss before tax from discontinued operations	(20,582)	(20,956)	–
Total	(291,192)	(296,308)	(231,965)
Tax at the statutory tax rate of 25%	(67,653)	(68,838)	(57,991)
Effect of preferential tax rates	19,209	16,576	21,198
Profits and losses attributable to associates	–	1	49
Income not subject to tax	(748)	(1,450)	(2,398)
Expenses not deductible for tax	14,248	21,056	26,738
Tax losses and temporary difference not recognised	35,267	38,866	17,441
Tax losses utilised from previous periods	(321)	(3,857)	(1,620)
Tax charge at the Group’s effective rate	2	2,354	3,417
Tax charge from continuing operations at the Group’s effective rate	–	2,321	3,417
Tax charge from discontinued operations at the Group’s effective rate	2	33	–

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12. DISCONTINUED OPERATION

In August 2024, the board of directors of the Company resolved to dispose of its charging station and shared e-bikes business, including its subsidiaries, Shanghai yuanmai nuolian new energy technology Co., Ltd., Hangzhou Makesense intelligent technology Co., Ltd. and Chengdu Makesense intelligent technology Co., Ltd. The disposal was completed in 2024. With charging station and shared e-bikes business being classified as a discontinued operation, they are no longer included in the note for operating segment information.

The results of charging station and shared e-bikes business for the years ended 31 December 2023 and 2024 are presented below:

	Year ended 31 December	
	2023	2024
	RMB'000	RMB'000
Revenue	70,429	26,912
Expenses	(91,011)	(47,868)
Loss before tax from the discontinued operation	(20,582)	(20,956)
Income tax	(2)	(33)
Loss for the year from the discontinued operation	(20,584)	(20,989)

The net cash flows incurred by the charging station and shared e-bikes business are as follows:

	Year ended 31 December	
	2023	2024
	RMB'000	RMB'000
Operating activities	(7,981)	(45,780)
Investing activities	(1,343)	4,950
Financing activities	—	36,242
Net cash outflow	(9,324)	(4,588)
Loss per share:		
Basic and diluted, (RMB) from the discontinued operation	(3.71)	(2.08)

The calculations of basic and diluted loss per share from the discontinued operation are based on:

	2023	2024
Loss attributable to ordinary equity holders of the parent from discontinued operation	RMB(20,584,000)	RMB(20,989,000)
Weighted average number of ordinary shares outstanding during the year used in the basic and diluted loss per share calculation	5,546,847	10,069,149

13. DIVIDENDS

No dividend was paid or declared by the Company during the Relevant Periods.

14. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amounts is based on the loss attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares outstanding was determined assuming that the paid-in capital had been fully converted into share capital at the same conversion ratio of 1:1 as upon transformation into a joint stock company in February 2026.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2023, 2024 and 2025 in respect of a dilution as the impact of redemption liabilities on ordinary shares had an anti-dilutive effect on the basic loss per share amounts presented.

The calculations of basic and diluted loss per share are based on:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Loss			
Loss attributable to ordinary equity holders of the parent, used in basic and diluted loss per share calculation:			
From continuing operations	(270,608)	(277,716)	(235,719)
From discontinued operations	(20,584)	(20,989)	—
Total	(291,192)	(298,705)	(235,719)

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	Number of shares		
	2023	2024	2025
Shares			
Weighted average number of ordinary shares outstanding during the year used in the basic and diluted loss per share calculation	5,546,847	10,069,149	12,393,854

15. PROPERTY, PLANT AND EQUIPMENT

The Group

	Machinery	Charging equipment and shared e-bikes	Motor vehicles	Electronic and other equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2023							
At 1 January 2023:							
Cost	431	79,993	2,948	2,252	1,672	1,331	88,627
Accumulated depreciation	(79)	(16,858)	(87)	(563)	(439)	–	(18,026)
Net carrying amount	352	63,135	2,861	1,689	1,233	1,331	70,601
As at 1 January 2023, net of accumulated depreciation	352	63,135	2,861	1,689	1,233	1,331	70,601
Additions	208	1,596	55	2,315	2,248	10,368	16,790
Transfers	–	7,316	–	3,265	–	(10,581)	–
Disposals	–	(2,779)	–	–	–	–	(2,779)
Impairment	–	(11,372)	–	–	–	–	(11,372)
Depreciation provided during the year	(193)	(21,198)	(706)	(1,141)	(965)	–	(24,203)
As at 31 December 2023, net of accumulated depreciation and impairment	367	36,698	2,210	6,128	2,516	1,118	49,037
As at 31 December 2023:							
Cost	639	74,538	2,887	7,832	3,920	1,118	90,934
Accumulated depreciation and impairment	(272)	(37,840)	(677)	(1,704)	(1,404)	–	(41,897)
Net carrying amount	367	36,698	2,210	6,128	2,516	1,118	49,037
	Machinery	Charging equipment and shared e-bikes	Motor vehicles	Electronic and other equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2024							
At 1 January 2024:							
Cost	639	74,538	2,887	7,832	3,920	1,118	90,934
Accumulated depreciation and impairment	(272)	(37,840)	(677)	(1,704)	(1,404)	–	(41,897)
Net carrying amount	367	36,698	2,210	6,128	2,516	1,118	49,037
As at 1 January 2024, net of accumulated depreciation and impairment	367	36,698	2,210	6,128	2,516	1,118	49,037
Additions	196	–	253	947	5,245	847	7,488
Transfers	–	1,873	–	–	–	(1,873)	–
Disposals	–	(5,765)	–	(45)	–	–	(5,810)
Disposals of subsidiaries (note 35)	–	(21,091)	–	–	–	(92)	(21,183)
Depreciation provided during the year	(213)	(11,715)	(674)	(2,320)	(1,561)	–	(16,483)
As at 31 December 2024, net of accumulated depreciation	350	–	1,789	4,710	6,200	–	13,049

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	Machinery	Charging equipment and shared e-bikes	Motor vehicles	Electronic and other equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2024:							
Cost	835	—	3,013	8,721	9,165	—	21,734
Accumulated depreciation	(485)	—	(1,224)	(4,011)	(2,965)	—	(8,685)
Net carrying amount . . .	<u>350</u>	<u>—</u>	<u>1,789</u>	<u>4,710</u>	<u>6,200</u>	<u>—</u>	<u>13,049</u>

	Machinery	Motor vehicles	Electronic and other equipment	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2025					
At 1 January 2025:					
Cost	835	3,013	8,721	9,165	21,734
Accumulated depreciation	(485)	(1,224)	(4,011)	(2,965)	(8,685)
Net carrying amount	<u>350</u>	<u>1,789</u>	<u>4,710</u>	<u>6,200</u>	<u>13,049</u>
As at 1 January 2025, net of accumulated depreciation	350	1,789	4,710	6,200	13,049
Additions	22	2,459	1,068	—	3,549
Disposals	—	(999)	(201)	—	(1,200)
Depreciation provided during the year	(205)	(633)	(2,277)	(3,252)	(6,367)
As at 31 December 2025, net of accumulated depreciation	<u>167</u>	<u>2,616</u>	<u>3,300</u>	<u>2,948</u>	<u>9,031</u>
As at 31 December 2025:					
Cost	857	3,012	9,060	9,165	22,094
Accumulated depreciation	(690)	(396)	(5,760)	(6,217)	(13,063)
Net carrying amount	<u>167</u>	<u>2,616</u>	<u>3,300</u>	<u>2,948</u>	<u>9,031</u>

The Company

	Machinery	Charging equipment and shared e-bikes	Motor vehicles	Electronic and other equipment	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2023						
At 1 January 2023:						
Cost	431	42,781	2,948	2,160	998	49,318
Accumulated depreciation . . .	(79)	(13,310)	(87)	(563)	(439)	(14,478)
Net carrying amount	<u>352</u>	<u>29,471</u>	<u>2,861</u>	<u>1,597</u>	<u>559</u>	<u>34,840</u>
As at 1 January 2023, net of accumulated depreciation . . .	352	29,471	2,861	1,597	559	34,840
Additions	208	—	—	1,088	—	1,296
Disposals	—	(9,032)	(372)	—	—	(9,404)
Depreciation provided during the year	(193)	(10,639)	(613)	(770)	(305)	(12,520)
As at 31 December 2023, net of accumulated depreciation .	<u>367</u>	<u>9,800</u>	<u>1,876</u>	<u>1,915</u>	<u>254</u>	<u>14,212</u>
As at 31 December 2023:						
Cost	639	33,749	2,460	3,248	998	41,094
Accumulated depreciation . . .	(272)	(23,949)	(584)	(1,333)	(744)	(26,882)
Net carrying amount	<u>367</u>	<u>9,800</u>	<u>1,876</u>	<u>1,915</u>	<u>254</u>	<u>14,212</u>

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	Machinery	Charging equipment and shared e-bikes	Motor vehicles	Electronic and other equipment	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2024						
At 1 January 2024:						
Cost	639	33,749	2,460	3,248	998	41,094
Accumulated depreciation	(272)	(23,949)	(584)	(1,333)	(744)	(26,882)
Net carrying amount	<u>367</u>	<u>9,800</u>	<u>1,876</u>	<u>1,915</u>	<u>254</u>	<u>14,212</u>
As at 1 January 2024, net of accumulated depreciation	367	9,800	1,876	1,915	254	14,212
Additions	196	–	476	272	5,245	6,189
Disposals	–	(5,721)	–	–	–	(5,721)
Depreciation provided during the year	(213)	(4,079)	(636)	(901)	(588)	(6,417)
As at 31 December 2024, net of accumulated depreciation	<u>350</u>	<u>–</u>	<u>1,716</u>	<u>1,286</u>	<u>4,911</u>	<u>8,263</u>
As at 31 December 2024:						
Cost	835	–	2,936	3,520	6,243	13,534
Accumulated depreciation	(485)	–	(1,220)	(2,234)	(1,332)	(5,271)
Net carrying amount	<u>350</u>	<u>–</u>	<u>1,716</u>	<u>1,286</u>	<u>4,911</u>	<u>8,263</u>
	Machinery	Motor vehicles	Electronic and other equipment	Leasehold improvements	Total	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
31 December 2025						
At 1 January 2025:						
Cost	835	2,936	3,520	6,243	13,534	
Accumulated depreciation	(485)	(1,220)	(2,234)	(1,332)	(5,271)	
Net carrying amount	<u>350</u>	<u>1,716</u>	<u>1,286</u>	<u>4,911</u>	<u>8,263</u>	
As at 1 January 2025, net of accumulated depreciation	350	1,716	1,286	4,911	8,263	
Additions	22	959	31	–	1,012	
Disposals	–	(999)	(201)	–	(1,200)	
Depreciation provided during the year	(206)	(378)	(582)	(2,277)	(3,443)	
As at 31 December 2025, net of accumulated depreciation	<u>166</u>	<u>1,298</u>	<u>534</u>	<u>2,634</u>	<u>4,632</u>	
As at 31 December 2025:						
Cost	857	1,434	3,350	6,243	11,884	
Accumulated depreciation	(691)	(136)	(2,816)	(3,609)	(7,252)	
Net carrying amount	<u>166</u>	<u>1,298</u>	<u>534</u>	<u>2,634</u>	<u>4,632</u>	

16. LEASES

The Group as a lessee

The Group has lease contracts for various items of office premises and charging stations used in its operations. Leases of office premises generally have lease terms between 2 and 4 years, while charging stations generally have lease terms between 2 and 10 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

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(a) *Right-of-use assets*

The carrying amounts of right-of-use assets and the movements during the Relevant Periods are as follows:

The Group

	Office premises	Charging stations	Total
	RMB'000	RMB'000	RMB'000
As at 31 December 2023			
As at 1 January 2023	11,006	16,838	27,844
Additions	–	6,433	6,433
Depreciation charge	(5,022)	(3,816)	(8,838)
As at 31 December 2023	<u>5,984</u>	<u>19,455</u>	<u>25,439</u>
As at 31 December 2024			
As at 1 January 2024	5,984	19,455	25,439
Additions	8,976	511	9,487
Disposal of subsidiaries (<i>note 35</i>)	–	(18,654)	(18,654)
Lease modification	5,062	–	5,062
Depreciation charge	(6,513)	(1,312)	(7,825)
As at 31 December 2024	<u>13,509</u>	<u>–</u>	<u>13,509</u>
As at 31 December 2025			
As at 1 January 2025	13,509	–	13,509
Additions	94	–	94
Depreciation charge	(4,872)	–	(4,872)
As at 31 December 2025	<u>8,731</u>	<u>–</u>	<u>8,731</u>

The Company

	Office premises
	RMB'000
As at 31 December 2023	
As at 1 January 2023	3,686
Depreciation charge	(2,438)
As at 31 December 2023	<u>1,248</u>
As at 31 December 2024	
As at 1 January 2024	1,248
Additions	8,976
Depreciation charge	(3,991)
As at 31 December 2024	<u>6,233</u>
As at 31 December 2025	
As at 1 January 2025	6,233
Depreciation charge	(2,992)
As at 31 December 2025	<u>3,241</u>

(b) *Lease liabilities*

The Group

The carrying amount of lease liabilities and the movements during the Relevant Periods are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Carrying amount at 1 January	28,240	27,254	13,621
New leases	6,433	9,487	94
Lease modification	–	5,062	–
Accretion of interest recognised during the year	1,328	815	516
Payments	(8,747)	(9,250)	(4,646)
Disposal of subsidiaries (<i>note 35</i>)	–	(19,747)	–
Carrying amount at the end of the period	<u>27,254</u>	<u>13,621</u>	<u>9,585</u>

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	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Analysed into:			
Current	7,901	4,461	5,070
Non-current	<u>19,353</u>	<u>9,160</u>	<u>4,515</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Carrying amount at 1 January	3,854	1,091	5,265
New leases	–	8,976	–
Accretion of interest recognised during the year	110	291	220
Payments	<u>(2,873)</u>	<u>(5,093)</u>	<u>(1,808)</u>
Carrying amount at the end of the period	<u>1,091</u>	<u>5,265</u>	<u>3,677</u>
Analysed into:			
Current	1,091	1,590	3,260
Non-current	<u>–</u>	<u>3,675</u>	<u>417</u>

(c) The amounts recognised in profit or loss of the Group in relation to leases are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Interest on lease liabilities	1,328	815	516
Depreciation charge of right-of-use assets	8,838	7,825	4,872
Expenses relating to short-term leases and leases of low-value assets	<u>111</u>	<u>213</u>	<u>546</u>
Total amount recognised in profit or loss	<u>10,277</u>	<u>8,853</u>	<u>5,934</u>

(d) The total cash outflow for leases is disclosed in note 36 to the Historical Financial Information.

17. INTANGIBLE ASSETS

The Group and the Company

	Software
	RMB’000
31 December 2023	
At 31 December 2023 and at 1 January 2024:	
Cost	–
Accumulated amortisation	–
Net carrying amount	<u>–</u>
31 December 2024	
Cost at 1 January 2024, net of accumulated amortisation	–
Additions	1,114
Amortisation provided during the year	(56)
At 31 December 2024	<u>1,058</u>
At 31 December 2024 and at 1 January 2025:	
Cost	1,114
Accumulated amortisation	(56)
Net carrying amount	<u>1,058</u>

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	Software
	RMB'000
31 December 2025	
Cost at 1 January 2025, net of accumulated amortisation	1,058
Additions	130
Amortisation provided during the period	(225)
At 31 December 2025	<u>963</u>
At 31 December 2025:	
Cost	1,244
Accumulated amortisation	(281)
Net carrying amount	<u>963</u>

18. INVESTMENTS IN ASSOCIATES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Share of net assets	<u>480</u>	<u>8,504</u>	<u>9,349</u>

Name	Particulars of issued shares held	Place of registration and business	Ownership interest attributable to the Group	Principal activities
Zhejiang Jiantou New Energy Technology Co., Ltd.	Ordinary shares	PRC/Chinese mainland	30%	Electric power, heat production and supply
Xi'an Shanhe Makesense Enterprise Management Consulting Co., Ltd.	Ordinary shares	PRC/Chinese mainland	35%	Business services
Hebei Tianyuan Meineng New Energy Technology Co., Ltd.	Ordinary shares	PRC/Chinese mainland	49%	Energy storage technology services

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Share of the associates' loss for the year	–	(4)	(194)
Unrealized internal profit on associates	–	–	(3,461)
Aggregate carrying amount of the Group's investments in the associates	<u>480</u>	<u>8,504</u>	<u>9,349</u>

The Group's shareholdings in Zhejiang Jiantou New Energy Technology Co., Ltd. comprise equity shares held by the Company, the shareholding in Xi'an Shanhe Makesense Enterprise Management Consulting Co., Ltd. and Hebei Tianyuan Meineng New Energy Technology Co., Ltd. is held through the subsidiary of the Company.

The financial years of the above associates are coterminous with that of the Group.

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Share of net assets	<u>–</u>	<u>4,500</u>	<u>9,101</u>

Name	Particulars of issued shares held	Place of registration and business	Ownership interest attributable to the Company	Principal activities
Zhejiang Jiantou New Energy Technology Co., Ltd.	Ordinary shares	PRC/Chinese mainland	30%	Electric power, heat production and supply

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The following table illustrates the financial information of the Company’s associate:

	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Share of the associate’s profit for the year	–	–	101
Carrying amount of the Company’s investment in the associate	–	4,500	9,101
	<u>–</u>	<u>4,500</u>	<u>9,101</u>

19. INVENTORIES

The Group

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Work in progress	40,648	77,551	25,916
Finished goods	71,334	348,564	316,822
Total	<u>111,982</u>	<u>426,115</u>	<u>342,738</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Work in progress	<u>9,737</u>	<u>7,592</u>	<u>3,560</u>

At 31 December 2023, 2024 and 2025, the Group’s inventories with a carrying amount of approximately RMB32,733,000, RMB76,649,000 and RMB32,575,000, respectively, were pledged as security for the Group’s bank loans and other borrowings, as further detailed in note 27 to the Historical Financial Information.

20. TRADE AND BILLS RECEIVABLES

The Group

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Trade receivables	157,410	118,659	301,507
Bills receivables at amortised cost	465	2,190	890
Impairment	(6,028)	(14,955)	(17,220)
Total	<u>151,847</u>	<u>105,894</u>	<u>285,177</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Trade receivables	55,798	33,285	36,829
Bills receivables at amortised cost	465	1,844	–
Impairment	(3,095)	(2,472)	(2,756)
Total	<u>53,168</u>	<u>32,657</u>	<u>34,073</u>

The Group’s trading terms with its customers are mainly on credit. The credit period range from 3 to 7 days or 180 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade and bills receivables are non-interest-bearing.

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The Group’s bills receivables were bank acceptance bills aged within six months. Bills receivable is subject to impairment under the simplified approach, and its impact is considered to be minimal.

An ageing analysis of the trade receivables and bills receivables as at the end of each of the Relevant Periods, based on the transaction dates and net of loss allowance, is as follows:

The Group

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Within 180 days	143,986	62,341	275,032
180 days to 1 year	3,163	1,648	3,433
1 to 2 years	4,698	41,905	3,886
2 to 3 years	—	—	2,826
Total	<u>151,847</u>	<u>105,894</u>	<u>285,177</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Within 180 days	47,328	28,511	31,003
180 days to 1 year	1,142	983	1,594
1 to 2 years	4,698	3,163	1,092
2 to 3 years	—	—	384
Total	<u>53,168</u>	<u>32,657</u>	<u>34,073</u>

The movements in the loss allowance for impairment of trade receivables are as follows:

The Group

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
At beginning of year	38	6,028	14,955
Impairment losses, net	7,486	14,713	2,396
Amount written off as uncollectible	(1,496)	(5,786)	(131)
At end of year	<u>6,028</u>	<u>14,955</u>	<u>17,220</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
At beginning of year	30	3,095	2,472
Impairment losses, net	3,065	(623)	284
At end of year	<u>3,095</u>	<u>2,472</u>	<u>2,756</u>

An impairment analysis is performed at the end of each of the Relevant Periods using a provision matrix to measure expected credit losses. The provision rates are based on the ageing of receivables of the customers. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the end of each of the Relevant Periods about past events, current conditions and forecasts of future economic conditions.

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Set out below is the information about the credit risk exposure on the trade receivables as at the end of each of the Relevant Periods using a provision matrix:

The Group

As at 31 December 2023

	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	Total
Trade receivables (RMB’000)	151,043	5,896	462	9	157,410
Expected credit loss rate	2.89%	20.32%	100.00%	100.00%	3.83%
Expected credit losses (RMB’000) . .	4,359	1,198	462	9	6,028

As at 31 December 2024

	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	Total
Trade receivables (RMB’000)	65,054	52,625	543	437	118,659
Expected credit loss rate	5.00%	20.37%	100.00%	100.00%	12.60%
Expected credit losses (RMB’000) . .	3,255	10,720	543	437	14,955

As at 31 December 2025

	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	Total
Trade receivables (RMB’000)	286,071	4,523	10,428	485	301,507
Expected credit loss rate	2.97%	14.08%	72.90%	100.00%	5.71%
Expected credit losses (RMB’000) . .	8,496	637	7,602	485	17,220

The Company

As at 31 December 2023

	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	Total
Trade receivables (RMB’000)	49,431	5,896	462	9	55,798
Expected credit loss rate	2.88%	20.32%	100.00%	100.00%	5.55%
Expected credit losses (RMB’000) . .	1,426	1,198	462	9	3,095

As at 31 December 2024

	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	Total
Trade receivables (RMB’000)	28,333	3,972	543	437	33,285
Expected credit loss rate	2.41%	20.37%	100.00%	100.00%	7.43%
Expected credit losses (RMB’000) . .	683	809	543	437	2,472

As at 31 December 2025

	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	Total
Trade receivables (RMB’000)	33,655	1,271	1,418	485	36,829
Expected credit loss rate	3.14%	14.08%	72.92%	100.00%	7.48%
Expected credit losses (RMB’000) . .	1,058	179	1,034	485	2,756

Transfer of financial assets

The Group

Transferred financial assets that are not derecognised in their entirety

At the end of each of the Relevant Periods, the Group endorsed certain bills receivable accepted by banks in the Chinese mainland (the “Endorsed Bills”) with a carrying amount of nil, RMB1,844,000 and nil, respectively, to certain of its suppliers in order to settle the trade payables due to such suppliers (the “Endorsement”). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Bills, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills and the associated trade payables settled. Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Bills, including the sale, transfer or pledge of the Endorsed Bills to any other third parties. The carrying amount of the trade payables settled by the Endorsed Bills as at the end of each of the Relevant Periods to which the suppliers have recourse was nil, RMB1,844,000 and nil, respectively.

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21. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Non-current:			
Deposits and other receivables	2,151	5,515	8,153
Value-added tax recoverable	11,233	24,173	29,972
Total	13,384	29,688	38,125
Current:			
Prepayments	61,277	77,690	30,730
Value-added tax recoverable	11,793	11,719	6,113
Deposits and other receivables	17,656	7,022	18,893
Prepaid value-added tax	—	18,040	15,493
Deferred issue costs	—	—	934
Impairment allowance	—	—	(9,980)
Total	90,726	114,471	62,183

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Non-current:			
Deposits and other receivables	363	331	6,276
Current:			
Prepayments	38,061	9,573	25,941
Value-added tax recoverable	5,312	358	399
Deposits and other receivables	17,143	15,989	17,019
Deferred issue costs	—	—	934
Impairment allowance	—	—	(767)
Total	60,516	25,920	43,526

The balances are interest-free and are not secured with collateral.

22. FINANCIAL ASSETS AT FVTPL

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current			
Wealth management products (<i>note (i)</i>)	40,000	40,000	10,000
Non-current			
Unlisted investments, at fair value	2,000	16,734	35,827

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current			
Wealth management products (<i>note (i)</i>)	40,000	40,000	10,000
Non-current			
Unlisted investments, at fair value	2,000	15,788	30,597

Note:

- (i) The above wealth management products are issued by banks in the Chinese mainland. They were mandatorily classified as financial assets at FVTPL as their contractual cash flows are not solely payments of principal and interest.

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23. CASH AND CASH EQUIVALENTS AND PLEDGED AND RESTRICTED DEPOSITS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash and cash equivalents	232,417	266,445	224,745
Pledged and restricted deposits*	38,974	46,720	70,610
Total	<u>271,391</u>	<u>313,165</u>	<u>295,355</u>
Denominated in:			
RMB	271,391	312,993	295,173
United States Dollar (“USD”)	–	167	13
HKD	–	5	169
Total	<u>271,391</u>	<u>313,165</u>	<u>295,355</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash and cash equivalents	218,083	197,350	121,792
Pledged and restricted deposits*	29,761	22,604	5,000
Total	<u>247,844</u>	<u>219,954</u>	<u>126,792</u>
Denominated in:			
RMB	247,844	219,954	126,792

* Pledged deposits are pledged to banks to secure bills payables, letters of credit and to guarantee a bank borrowing in an unlisted investment at fair value held by the Company. Restricted deposits are placed for the purchase of wealth management products at 31 December 2024.

The RMB is not freely convertible into other currencies, however, under the Chinese mainland’s Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged and restricted deposits are deposited with creditworthy banks with no recent history of default.

24. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within one year	57,173	107,061	181,624
Over one year and within two years	639	788	601
Over two years	65	187	151
Total	<u>57,877</u>	<u>108,036</u>	<u>182,376</u>

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The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within one year	40,868	22,653	63,570
Over one year and within two years	416	594	289
Over two years	65	187	116
Total	41,349	23,434	63,975

Trade payables are non-interest-bearing and are normally settled on the terms within 180 days.

25. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Accruals	8,314	5,832	6,356
Other payables	2,280	4,028	4,072
Payroll payables	18,335	15,291	12,698
Other tax payable	736	2,348	2,639
Accrued [REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Total	29,665	27,499	26,777

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Accruals	6,823	4,784	5,245
Other payables	1,440	2,193	2,669
Payroll payables	11,246	9,055	8,570
Other tax payable	397	–	940
Accrued [REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Total	19,906	16,032	18,436

The other payables are unsecured, non-interest-bearing and repayable on demand.

26. CONTRACT LIABILITIES

Details of contract liabilities are as follows:

The Group

	As at 31 December			
	1 January 2023	31 December 2023	31 December 2024	31 December 2025
	RMB'000	RMB'000	RMB'000	RMB'000
<i>Advances received from customers:</i>				
DES and other assets development	–	643	33,070	3,504
Provision of electricity services	–	445	845	17
Discontinued operations	18,081	4,358	–	–
Others	228	1,944	470	1,085
Total	18,309	7,390	34,385	4,606

Contract liabilities include short-term advances received from customers. The increase in contract liabilities in 2024 was mainly due to the increase in short-term advances received from customers in relation to the DES and other assets development at the end of the year. The decrease in contract liabilities in 2025 was mainly due to refund of consideration to a customer during the year.

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The Company

	As at 31 December			
	1 January 2023	31 December 2023	31 December 2024	31 December 2025
	RMB'000	RMB'000	RMB'000	RMB'000
<i>Advances received from customers:</i>				
Provision of electricity services	–	53	71	–
Discontinued operations	1,999	2,712	–	–
Others	194	1,917	436	901
Total	<u>2,193</u>	<u>4,682</u>	<u>507</u>	<u>901</u>

27. INTEREST-BEARING BANK AND OTHER BORROWINGS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current			
Bank borrowings-unsecured	10,009	57,808	24,831
Bank borrowings – guaranteed (<i>note (b)&(c)</i>)	49,942	207,466	344,196
Bank borrowings – secured and guaranteed (<i>note ((a)&(b)&(c)&(d))</i>)	6,542	13,506	10,250
Bank borrowings – secured (<i>note (a)</i>)	355	354	354
Other borrowings – secured (<i>note (a)</i>)	1,845	7,116	7,440
Total – current	<u>68,693</u>	<u>286,250</u>	<u>387,071</u>
Non-current			
Bank borrowings – secured (<i>note (a)</i>)	2,950	2,600	2,250
Other borrowings – secured (<i>note (a)</i>)	15,077	47,517	47,296
Total – no-current	<u>18,027</u>	<u>50,117</u>	<u>49,546</u>
Total	<u>86,720</u>	<u>336,367</u>	<u>436,617</u>
Analysed into:			
Bank borrowings repayable:			
Within one year or on demand	66,848	279,134	379,631
In the second years	350	350	350
In the third to fifth years	1,050	1,030	990
Beyond five years	1,550	1,220	910
Subtotal	<u>69,798</u>	<u>281,734</u>	<u>381,881</u>
Analysed into:			
Other borrowings repayable:			
Within one year	1,845	7,116	7,440
In the second years	2,456	7,582	7,607
In the third to fifth years	7,532	25,064	23,919
Beyond five years	5,089	14,871	15,770
Subtotal	<u>16,922</u>	<u>54,633</u>	<u>54,736</u>
Total	<u>86,720</u>	<u>336,367</u>	<u>436,617</u>
Analysed into:			
Fixed interest rate	71,471	178,294	249,350
Variable interest rate	15,249	158,073	187,267
Total	<u>86,720</u>	<u>336,367</u>	<u>436,617</u>

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The effective interest rates and maturities of the borrowings are as follows:

	As at 31 December					
	2023		2024		2025	
	Effective interest rate (%)	Maturity	Effective interest rate (%)	Maturity	Effective interest rate (%)	Maturity
Bank borrowings	2.60-5.00	On demand-2033	2.05-5.00	On demand-2033	1.55-5.00	On demand-2033
Other borrowings	5.40	2024-2030	4.94-5.04	2025-2032	5.00-6.04	2033

Notes:

- (a) Details of the assets of the Group as at the end of each of the Relevant Periods that have been pledged as collateral to secure the bank borrowings and other borrowings are set out in note 19 and note 23 to the Historical Financial Information.
- (b) Certain loans were guaranteed by the directors of the Company. Refer to note 38 to the Historical Financial Information for details.
- (c) As at the end of each of the Relevant Periods, the Group’s bank borrowings amounting to RMB26,523,000, RMB50,788,000 and RMB20,196,000, respectively, were guaranteed by the Company.
- (d) As at the end of each of the Relevant Periods, RMB6,542,000, RMB13,506,000 and RMB10,250,000 of long-term bank borrowings were reclassified as current liabilities due to not complying with the minimum revenue condition in the relevant loan arrangements.

The Company

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Current			
Bank borrowings – unsecured	10,009	18,478	24,831
Bank borrowings – guaranteed	9,911	142,415	279,185
Total	19,920	160,893	304,016
Analysed into:			
Bank borrowings repayable:			
Within one year	19,920	160,893	304,016
Analysed into:			
Fixed interest rate	19,920	120,867	232,962
Variable interest rate	–	40,026	71,054

The effective interest rates and maturities of the borrowings are as follows:

	As at 31 December					
	2023		2024		2025	
	Effective interest rate (%)	Maturity	Effective interest rate (%)	Maturity	Effective interest rate (%)	Maturity
Bank borrowings	3.00-3.50	2024	2.20-3.20	2025	1.55-3.00	2026

As at the end of each of the Relevant Periods, the Company’s bank borrowings amounting to RMB9,911,000, RMB142,415,000 and RMB279,185,000, respectively, were guaranteed by the directors of the Company.

28. REDEMPTION LIABILITIES ON ORDINARY SHARES

From March 2021 to December 2024, the Company completed seven rounds of [REDACTED] investments, namely Series Angel Investments, Series A Investments, Series B Investments, Series B+ Investments, Series C Investments, Series D Investments and Series D+ Investments (collectively referred to as “[REDACTED] Investments”). A total of 7,189,460 paid-in capital was issued at a total cash consideration of RMB1,046,412,000 under the [REDACTED] Investments.

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The key terms of the shares are summarised as follows:

(a) Redemption features

Upon occurrence of the following events, the shares shall be redeemable at the option of the shareholders:

- (i) The representations or warranties made by the Company and/or Ms. Wei Qiong and Dr. Yan Xiao (the “Founder”) under the investment agreements, the series Angel investment agreement, series A investment agreement, series B investment agreement, series B+ investment agreement, series C investment agreement, series D investment agreement, and series D+ investment agreement are materially untrue, contain material omissions, or are materially misleading;
- (ii) The Company and/or the Founder materially breaches any applicable laws or any covenants, promises, or obligations under the investment agreements, the series Angel investment agreement, series A investment agreement, series B investment agreement, series B+ investment agreement, series C investment agreement, series D investment agreement, and series D+ investment agreement;
- (iii) The Company ceases or changes its principal business without the prior consent of the investors;
- (iv) The Founder voluntarily terminates the labor relationship with the Company, or the Founder does not work for the Company on a full-time basis;
- (v) Any intellectual property rights related to the Company’s principal business involve infringement of third-party rights, resulting in a material adverse change to the Company;
- (vi) Any illegal or regulatory violation by the Company or the Founder, or any dispute (including but not limited to litigation and arbitration), results in a material adverse change to the Company;
- (vii) Any shareholder of the Company (including existing and future shareholders) exercises or demands the exercise of a redemption right;
- (viii) The Company fails to achieve a qualified [REDACTED] before 28 December 2028.

Upon occurrence of any of the events listed in (i) to (vii) above, the redemption amount is calculated as the higher of the sum of the original issue price of the shares, plus interest from the date of the initial investment by the then investors to the Company calculated at an annual simple interest rate of 10% of the original investment principal plus any dividends declared but unpaid and fair value on the redemption date.

Upon occurrence of the event specified in (viii) above, the redemption amount is calculated as the sum of the original issue price of the shares, plus interest from the date of the initial investment by the then investors to the Company calculated at an annual simple interest rate of 8% of the original investment principal.

(b) Liquidation preferences

In the event of any liquidation, dissolution, winding up of the Company or deemed liquidation event, holders of the shares shall be entitled to be paid out of the funds and assets available for distribution to the members of the Company, an amount per share equal to the original issue price for each series equity share at 10% interest rate per annum, plus any dividends declared but unpaid thereon in the sequence as follows:

- (1) series D+ shares
- (2) series D shares
- (3) series C shares
- (4) series B+ shares
- (5) series B shares
- (6) series A shares
- (7) series Angel shares

(c) Anti-dilution right

If the Company increases its paid-in capital at a price lower than the price paid by the investors on a per paid-in capital basis, the investors have a right to request the Company at any time to issue additional paid-in capital to the investors at the minimum price permitted by applicable laws, or request the Founder to transfer the corresponding equity to the investors without consideration (or for nominal consideration of RMB1 or the minimum price permitted by law), or request the Company to compensate the investors in cash and consent to such compensation being used by the investors for capital increase to the Company.

Pursuant to the shareholders’ agreement dated in April 2026, entered into, among the Company and its shareholders, the redemption and anti-dilution rights were irrevocably terminated with effect from the day immediately preceding the date on which the Company first submitted the [REDACTED] to the Stock Exchange and all other special rights shall be terminated upon the [REDACTED].

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Presentation and classification

The Group had consistently recognised redemption liabilities on ordinary shares measured at amortised cost as not all redemption events are within the control of the Company. Any changes in the carrying amount of the financial liabilities were recorded to profit or loss.

Redemption liabilities on ordinary shares as at 31 December 2023, 2024 and 2025 are classified as current liabilities as the redemption events can be triggered at any time.

The movements of redemption liabilities on ordinary shares of the Group and the Company are set out as follows:

	<i>RMB’000</i>
As at 1 January 2023	704,937
Issue of ordinary shares (<i>note 32</i>)	250,000
Accretion of interest	80,668
As at 31 December 2023 and 1 January 2024	1,035,605
Issue of ordinary shares (<i>note 32</i>)	180,000
Accretion of interest	97,721
As at 31 December 2024 and 1 January 2025	1,313,326
Accretion of interest	143,260
As at 31 December 2025	1,456,586

29. FINANCIAL LIABILITIES DUE TO FUND INVESTORS

During the Relevant Periods, certain independent investors, as limited partner, contributed RMB7,510,000, RMB12,810,000 and nil into certain subsidiaries of the Group, respectively. The Group recognised financial liabilities due to fund investors as the certain subsidiaries are limited life entities, which are measured at fair value through profit or loss subsequently.

The movement of financial liabilities due to fund investors of the Group are set out as follows:.

	<i>RMB’000</i>
As at 1 January 2023	–
Contribution from fund investors	7,510
Distribution to fund investors	(213)
Changes on financial liabilities due to fund investors	18,894
As at 31 December 2023 and 1 January 2024	26,191
Contribution from fund investors	12,810
Distribution to fund investors	(1,052)
Changes on financial liabilities due to fund investors	5,609
As at 31 December 2024 and 1 January 2025	43,558
Disposal of a subsidiary (<i>note 35</i>)	(45,742)
Changes on financial liabilities due to fund investors	5,834
As at 31 December 2025	3,650

30. DEFERRED INCOME

The Group and the Company

	As at 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Government grants – Asset-related government grants	–	1,145	1,145
Government grants – Income-related government grants . . .	–	2,667	2,745
Total	–	3,812	3,890

The Group’s deferred government grants represented government grants received for the investment in long-term assets or for the operating activities, which are credited to the profit or loss on a straight-line basis over the remaining expected lives of the related assets or recognised as income on a systematic basis over the periods that the costs, which they are intended to compensate, are expensed.

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31. DEFERRED TAX

The movements in deferred tax assets during the Relevant Periods are as follows:

The Group

	Tax loss	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000
As at 1 January 2023	–	2,752	2,752
Deferred tax charged to profit or loss during the year	–	(1,308)	(1,308)
As at 31 December 2023 and 1 January 2024	–	1,444	1,444
Deferred tax credited to profit or loss during the year	–	1,933	1,933
As at 31 December 2024 and 1 January 2025	–	3,377	3,377
Deferred tax credited/(charged) to profit or loss during the period	140	(981)	(841)
As at 31 December 2025	140	2,396	2,536

The movements in deferred tax liabilities during the Relevant Periods are as follows:

The Group

	Fair value gain on financial assets	Right-of-use assets	Total
	RMB'000	RMB'000	RMB'000
As at 1 January 2023	–	2,752	2,752
Deferred tax credited to profit or loss during the year	–	(1,308)	(1,308)
As at 31 December 2023 and 1 January 2024	–	1,444	1,444
Deferred tax charged to profit or loss during the year	–	1,933	1,933
As at 31 December 2024 and 1 January 2025	–	3,377	3,377
Deferred tax charged/(credited) to profit or loss during the period	354	(1,195)	(841)
As at 31 December 2025	354	2,182	2,536

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances for financial reporting purposes:

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Net deferred tax assets recognized in the consolidated statement of financial position	–	–	–
Net deferred tax liabilities recognized in the consolidated statement of financial position	–	–	–

The Group has accumulated tax losses that were not recognised as deferred tax assets in Chinese mainland of RMB291,399,000, RMB406,977,000 and RMB476,643,000 in aggregate as at the end of each of the Relevant Periods, respectively. Losses of the Group would expire in one to five years for offsetting against future taxable profits of the company in which the losses arose.

The Group has unrecognised deductible temporary differences of RMB22,724,000, RMB52,458,000, RMB61,411,000 as at the end of each of the Relevant Periods, respectively. The unrecognised deductible temporary differences are mainly related to the impairment of the trade and bills receivables, property, plant and equipments of the loss-making subsidiaries in the Group.

Deferred tax assets have not been recognised in respect of these losses and temporary differences as they have arisen in the Company and the subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits in foreseeable future will be available against which the tax losses can be utilised.

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32. PAID-IN CAPITAL

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Issued and fully paid:			
Paid-in capital	9,478	12,394	12,394

A summary of movements in the Company’s share capital is as follows:

	Paid-in capital
	RMB'000
At 1 January 2023	5,913
Capital contribution from shareholders*	3,565
As at 31 December 2023	9,478
Capital contribution from shareholders**	2,916
As at 31 December 2024 and 2025	12,394

Notes:

- * In 2023, the Company entered into investment agreements with several independent investors and issued a total of 989,925 paid-in capital with redemption feature at a cash consideration of RMB250,000,000, of which, RMB990,000 was credited to the Company’s paid-in capital and the remaining balance was credited as capital reserve. The Company issued 1,790,000 and 785,000 paid-in capital to Ms. Wei Qiong and Dr. Yan Xiao at a cash consideration of RMB1,790,000 and RMB785,000, respectively, which was fully credited to the Company’s paid-in capital.
- ** In 2024, the Company entered into investment agreements with several independent investors and issued a total of 712,745 paid-in capital with redemption feature at the consideration of RMB180,000,000, of which, RMB713,000 was credited to the Company’s paid-in capital and the remaining balance was credited as capital reserve. The Company issued 2,203,000 paid-in capital to Shanghai Tuxin Enterprise Management Partnership Enterprise (Limited Partnership) (“Tuxin”) at a cash consideration of RMB2,203,000, which was fully credited to the Company’s paid-in capital.

33. RESERVES

The Group

The amounts of the Group’s reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity.

Capital reserve

The capital reserve represents the difference between the paid-in capital and the consideration received.

Share based payment reserve

The Share-based payments reserve represents the share-based compensation reserve due to equity-settled share awards, details of which are set out in note 34 to the Historical Financial Information.

Other reserve

The other reserve of the Group represents the impact of redemption features of the ordinary shares as stipulated in note 28 to the Historical Financial Information.

The Company

	Capital reserve	Share-based payment reserve	Other reserve	Accumulated losses	Total deficits
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2023	610,998	6,269	(616,485)	(221,344)	(220,562)
Loss and total comprehensive loss for the year . .	–	–	–	(191,971)	(191,971)
Capital contribution from shareholders (note 32) .	249,010	–	–	–	249,010
Recognition of redemption liabilities on ordinary shares (note 28)	–	–	(250,000)	–	(250,000)
Equity-settled share awards arrangements (note 34)	–	3,279	–	–	3,279
As at 31 December 2023	860,008	9,548	(866,485)	(413,315)	(410,244)

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	Capital reserve	Share-based payment reserve	Other reserve	Accumulated losses	Total deficits
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2023 and as at 1 January 2024	860,008	9,548	(866,485)	(413,315)	(410,244)
Loss and total comprehensive loss for the year	—	—	—	(174,743)	(174,743)
Capital contribution from shareholders (<i>note 32</i>)	179,287	—	—	—	179,287
Recognition of redemption liabilities on ordinary shares (<i>note 28</i>)	—	—	(180,000)	—	(180,000)
Equity-settled share awards arrangements (<i>note 34</i>)	—	8,259	—	—	8,259
As at 31 December 2024	<u>1,039,295</u>	<u>17,807</u>	<u>(1,046,485)</u>	<u>(588,058)</u>	<u>(577,441)</u>
As at 31 December 2024 and as at 1 January 2025	1,039,295	17,807	(1,046,485)	(588,058)	(577,441)
Loss and total comprehensive loss for the year	—	—	—	(209,773)	(209,773)
Equity-settled share awards arrangements (<i>note 34</i>)	—	10,295	—	—	10,295
As at 31 December 2025	<u>1,039,295</u>	<u>28,102</u>	<u>(1,046,485)</u>	<u>(797,831)</u>	<u>(776,919)</u>

34. EQUITY SETTLED SHARE-BASED PAYMENTS

The Company adopted [REDACTED] equity incentive scheme (the “Scheme”) in order to recognise and reward the contribution of certain directors and employees to the growth and development of the Group, and to retain eligible employees for the continuous operation and development of the Group.

(a) Equity incentive scheme 2021

In February 2021, the Group granted 304,836 restricted share units (RSUs) to its core employees through the employee shareholding platform, Tuxin, at a price of RMB1 per share, which was approved by the Company’s shareholders on 29 December 2023. The RSUs held by the employees shall not be transferred until one year after the Company has consummated an [REDACTED] of the Company.

The exercise prices, exercise period and the fair value on the grant date of the RSUs under the equity incentive scheme 2021 are as follows:

Grant date	Exercise price	Exercise period	Fair value at grant date
	RMB per share		RMB per share
29 December 2023	1.00	29 December 2023 to 31 January 2025	74.37

The following RSUs were outstanding under the equity incentive scheme 2021 during the Relevant Periods:

	2023		2024		2025	
	Weighted average exercise price	Number of outstanding	Weighted average exercise price	Number of outstanding	Weighted average exercise price	Number of outstanding
	RMB per share	RSUs '000	RMB per share	RSUs '000	RMB per share	RSUs '000
At 1 January	—	—	1.00	305	1.00	295
Granted during the year	1.00	305	—	—	—	—
Forfeited during the year	—	—	1.00	(10)	—	—
At 31 December	<u>1.00</u>	<u>305</u>	<u>1.00</u>	<u>295</u>	<u>1.00</u>	<u>295</u>

The fair values of RSUs granted under the equity incentive scheme 2021 were estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	Equity incentive scheme 2021
Volatility (%)	40.00
Risk-free interest rate (%)	2.09
Exercise multiple	2.2/2.8

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(b) Equity incentive scheme 2023

On 29 December 2023, the Group adopted a shareholders’ resolution to grant 526,422 RSUs and 339,540 share options to core employees through the employee shareholding platform, Shanghai Meisheng Gongjin Enterprise Management Consulting Partnership (Limited Partnership) (“Meisheng Gongjin”) and Shanghai Meisheng Gongmou Enterprise Management Consulting Partnership (Limited Partnership) (“Meisheng Gongmou”) at a price of RMB39.39 per share.

The 526,422 RSUs granted shall not be transferred until one year after the Company has consummated an [REDACTED] of the Company.

The exercise prices, exercise period and the fair value on the grant date of the RSUs under the equity incentive scheme 2023 are as follows:

Grant Date	Exercise price	Exercise period	Fair value at grant date
	<i>RMB per share</i>		<i>RMB per share</i>
29 December 2023	39.39	29 December 2023 to 31 December 2025	37.70-40.11

The following RSUs were outstanding under the equity incentive scheme 2023 during the Relevant Periods:

	2023		2024		2025	
	Weighted average exercise price	Number of outstanding	Weighted average exercise price	Number of outstanding	Weighted average exercise price	Number of outstanding
	<i>RMB per share</i>	<i>RSUs '000</i>	<i>RMB per share</i>	<i>RSUs '000</i>	<i>RMB per share</i>	<i>RSUs '000</i>
At 1 January	—	—	39.39	526	39.39	392
Granted during the year	39.39	526	—	—	—	—
Forfeited during the year	—	—	39.39	(134)	39.39	(109)
At 31 December	39.39	526	39.39	392	39.39	283

The fair values of RSUs granted under the equity incentive scheme 2023 were estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	Equity incentive scheme 2023
Volatility (%)	43.00/51.00
Risk-free interest rate (%)	2.10/2.21
Exercise multiple	2.2/2.8

The 339,540 share options under the equity incentive scheme 2023 shall become exercisable upon satisfaction of performance review, and the shares shall be automatically converted into restricted shares upon exercise and shall not be transferred until one year after completion of [REDACTED] of the Company.

The exercise prices, exercise period and the fair value on the grant date of the share options under the equity incentive scheme 2023 are as follows:

Grant Date	Exercise price	Exercise period	Fair value at grant date
	<i>RMB per share</i>		<i>RMB per share</i>
29 December 2023	39.39	1 January 2025 to 28 February 2027	37.70-40.47

The following share options were outstanding under the equity incentive scheme 2023 during the Relevant Periods:

	2023		2024		2025	
	Weighted average exercise price	Number of outstanding options	Weighted average exercise price	Number of outstanding options	Weighted average exercise price	Number of outstanding options
	<i>RMB per share</i>	<i>'000</i>	<i>RMB per share</i>	<i>'000</i>	<i>RMB per share</i>	<i>'000</i>
At 1 January	—	—	39.39	340	39.39	238
Granted during the year	39.39	340	—	—	—	—
Forfeited during the year	—	—	39.39	(102)	39.39	(63)
At 31 December	39.39	340	39.39	238	39.39	175

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The fair values of share options granted under the equity incentive scheme 2023 were estimated as at the dates of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	Equity incentive scheme 2023
Volatility (%)	43.00/52.00
Risk-free interest rate (%)	2.10/2.22
Exercise multiple	2.2/2.8

(c) Equity incentive scheme 2025

On 10 December 2025, the Group adopted a shareholders’ resolution to grant 1,449,935 RSUs to core employees through Meisheng Gongjin and Meisheng Gongmou, at a price of RMB39.39 per share or RMB1 per share. The RSUs held by the employees shall not be transferred until one year after the Company has consummated an [REDACTED] of the Company.

The exercise prices, exercise period and the fair value on the grant date of the RSUs under the equity incentive scheme 2025 are as follows:

Grant Date	Exercise price	Exercise period	Fair value at grant date
	RMB per share		RMB per share
29 December 2025	39.39 or 1.00	10 December 2025 to 31 December 2025	76.04-114.43

The following RSUs were outstanding under the equity incentive scheme 2025 during the Relevant Periods:

	2023		2024		2025	
	Weighted average exercise price	Number of outstanding options	Weighted average exercise price	Number of outstanding options	Weighted average exercise price	Number of outstanding options
	RMB per share	’000	RMB per share	’000	RMB per share	’000
At 1 January	—	—	—	—	—	—
Granted during the year	—	—	—	—	20.18	1,450
Forfeited during the year	—	—	—	—	—	—
At 31 December	—	—	—	—	20.18	1,450

The fair value of RSUs as at the grant date were determined with reference to the fair value of ordinary shares on the grant date, using discounted cash flow method.

There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these RSUs/share options. The Group accounts for the Scheme as an equity-settled plan.

During the Relevant Periods, the Group recognized share-based compensation expenses of RMB3,279,000, RMB8,259,000, and RMB10,295,000, respectively.

35. DISPOSAL OF SUBSIDIARIES

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Net assets disposed of:			
Property, plant and equipment	15	—	21,183
Right-of-use assets	16	—	18,654
Cash and cash equivalents	—	1,206	2,980
Trade and bills receivables	—	—	2,158
Prepayments, other receivables and other assets	—	—	15,501
Inventories	—	—	—
Trade and bills payables	—	—	(14,894)
Contract liabilities	—	—	(813)
Other payables and accruals	—	(1,094)	(22)
Lease liabilities	16	—	(19,747)
Tax payable	—	(24)	—
Interest-bearing bank and other borrowings	—	—	—
Financial liabilities due to fund investors	29	—	—
Non-controlling interests	—	(610)	—
Subtotal	—	(522)	25,000

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		Year ended 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Gain on disposal of subsidiaries from discontinued operations		371	–	–
Gain on disposal of subsidiaries from continuing operations	5	151	30	44,696
Total consideration		–	25,030	23,368
Satisfied by:				
Cash		–	25,030	8,154
Financial assets at FVTPL*		–	–	15,214

* During the Relevant Periods, the Group disposed of certain subsidiaries. The remaining interests are accordingly measured as financial assets at FVTPL, and a gain on disposal amounting to RMB44,565,000 was recognised.

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

		Year ended 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Cash consideration		–	25,030	8,154
Cash and cash equivalents disposed of		(1,206)	(2,980)	(5,711)
Cash consideration to be received		–	(4,000)	(8,154)
Net (outflow)/inflow of cash and cash equivalents in respect of the disposal of subsidiaries		(1,206)	18,050	(5,711)

36. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the Relevant Periods, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB6,433,000, RMB9,487,000 and RMB94,000, respectively, in respect of a lease arrangement.

(b) Changes in 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.

	Interest-bearing bank borrowings	Lease liabilities	Redemption liabilities on ordinary shares	Accrued [REDACTED] expense and dividend payable in other payables	Financial liabilities due to fund investors	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2023	49,085	28,240	704,937	[REDACTED]	–	782,262
Changes from financing cash flows	35,326	(8,747)	250,000	[REDACTED]	7,297	283,876
New leases	–	6,433	–	[REDACTED]	–	6,433
Interest expense	2,309	1,328	80,668	[REDACTED]	–	84,305
Changes on financial liabilities due to fund investors	–	–	–	[REDACTED]	18,894	18,894
As at 31 December 2023 and 1 January 2024	86,720	27,254	1,035,605	[REDACTED]	26,191	1,175,770
Changes from financing cash flows	241,973	(9,250)	180,000	[REDACTED]	11,758	424,481
New leases	–	9,487	–	[REDACTED]	–	9,487
Interest expense	7,674	815	97,721	[REDACTED]	–	106,210
Lease modification	–	5,062	–	[REDACTED]	–	5,062
Disposal of subsidiaries	–	(19,747)	–	[REDACTED]	–	(19,747)
Changes on financial liabilities due to fund investors	–	–	–	[REDACTED]	5,609	5,609
As at 31 December 2024 and 1 January 2025	336,367	13,621	1,313,326	[REDACTED]	43,558	1,706,872

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	Interest-bearing bank borrowings	Lease liabilities	Redemption liabilities on ordinary shares	Accrued [REDACTED] expense and dividend payable in other payables	Financial liabilities due to fund investors	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2024 and 1 January 2025	336,367	13,621	1,313,326	[REDACTED]	43,558	1,706,872
Changes from financing cash flows	125,728	(4,646)	–	[REDACTED]	–	119,649
Changes from operating cash flows	–	–	–	[REDACTED]	–	(6,027)
Disposal of a subsidiary	(38,729)	–	–	[REDACTED]	(45,742)	(84,471)
New leases	–	94	–	[REDACTED]	–	94
Interest expense	13,251	516	143,260	[REDACTED]	–	157,027
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Deferred issue costs	–	–	–	[REDACTED]	–	934
Dividends declared to non- controlling shareholders	–	–	–	[REDACTED]	–	300
Changes on financial liabilities due to fund investors	–	–	–	[REDACTED]	5,834	5,834
Prepayment for [REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
As at 31 December 2025	436,617	9,585	1,456,586	[REDACTED]	3,650	1,907,450

(c) **Total cash outflow for leases**

The total cash outflow for leases included in the statements of cash flows is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Withing operating activities	111	213	546
Withing financing activities	8,747	9,250	4,646
Total	8,858	9,463	5,192

37. COMMITMENTS

The Group had the following contractual commitments at the end of each of the Relevant Periods:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Acquisition of property, plant and equipment	16,792	7,787	3,537

In addition, the Group had the following commitments provided to certain associates and financial assets at FVTPL, which are not included in the above:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Capital contributions	3,020	42,317	31,092

38. RELATED PARTY TRANSACTIONS

(a) **Related party transactions**

The Group had the following material transactions with related parties during the Relevant Periods:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Revenue from DES assets development:			
Zhejiang Jiantou New Energy Technology Co., Ltd.	–	–	35,328
Hebei Tianyuan Meineng New Energy Technology Co., Ltd.	–	–	8,084

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	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Total	—	—	43,412
	—	—	—

The transactions are entered into on normal commercial terms.

Guarantees

As at the end of each of the Relevant Periods, the Group’s bank borrowings amounting to RMB41,423,000, RMB210,788,000 and RMB334,196,000, respectively, were guaranteed by Ms. Wei Qiong who is the director of the Company.

(b) Outstanding balance with related parties:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Due from related parties			
Trade nature:			
Zhejiang Jiantou New Energy Technology Co., Ltd.	—	—	4,002
Hebei Tianyuan Meineng New Energy Technology Co., Ltd.	—	—	476
Total	—	—	4,478
	—	—	—
Non-trade nature*			
Ms. Wei Qiong**	242	—	—
Total	242	—	—
	—	—	—

* All the non-trade balances due from related parties were unsecured, interest-free and repayable on demand.

** Ms. Wei Qiong made the repayment of the non-trade balance due to the Group in 2024.

(c) Compensation of key management personnel of the Group

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries, allowances and benefits in kind	4,049	4,251	4,484
Discretionary bonus	1,627	4,476	7,955
Pension scheme contributions	232	238	275
Equity-settled share-based payment expenses	3,016	3,694	6,520
Total	8,924	12,659	19,234
	—	—	—

Further details of directors’ and the general manager’s remuneration are included in note 9 to the Historical Financial Information.

39. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments of the Group as at the end of each of the Relevant Periods are as follows:

As at 31 December 2023

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at amortized cost	Total
	RMB'000	RMB'000	RMB'000
Financial assets at FVTPL	42,000	—	42,000
Financial assets included in prepayments, other receivables and other assets	—	19,807	19,807

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	Financial assets at fair value through profit or loss	Financial assets at amortized cost	Total
	RMB'000	RMB'000	RMB'000
Trade and bill receivables	–	151,847	151,847
Amounts due from related parties	–	242	242
Cash and cash equivalents	–	232,417	232,417
Pledged and restricted deposits	–	38,974	38,974
Total	<u>42,000</u>	<u>443,287</u>	<u>485,287</u>

Financial liabilities

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
	RMB'000	RMB'000	RMB'000
Redemption liabilities on ordinary shares	–	1,035,605	1,035,605
Financial liabilities due to fund investors	26,191	–	26,191
Trade and bill payables	–	57,877	57,877
Financial liabilities included in other payables and accruals	–	10,594	10,594
Interest-bearing bank and other borrowings	–	86,720	86,720
Total	<u>26,191</u>	<u>1,190,796</u>	<u>1,216,987</u>

As at 31 December 2024

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at amortized cost	Total
	RMB'000	RMB'000	RMB'000
Financial assets at FVTPL	56,734	–	56,734
Financial assets included in prepayments, other receivables and other assets	–	12,537	12,537
Trade and bill receivables	–	105,894	105,894
Cash and cash equivalents	–	266,445	266,445
Pledged and restricted deposits	–	46,720	46,720
Total	<u>56,734</u>	<u>431,596</u>	<u>488,330</u>

Financial liabilities

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
	RMB'000	RMB'000	RMB'000
Redemption liabilities on ordinary shares	–	1,313,326	1,313,326
Financial liabilities due to fund investors	43,558	–	43,558
Trade and bill payables	–	108,036	108,036
Financial liabilities included in other payables and accruals	–	9,860	9,860
Interest-bearing bank and other borrowings	–	336,367	336,367
Total	<u>43,558</u>	<u>1,767,589</u>	<u>1,811,147</u>

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As at 31 December 2025

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at amortized cost	Total
	RMB'000	RMB'000	RMB'000
Financial assets at FVTPL	45,827	–	45,827
Financial assets included in prepayments, other receivables and other assets	–	26,812	26,812
Trade and bill receivables	–	285,177	285,177
Amounts due from related parties	–	4,478	4,478
Cash and cash equivalents	–	224,745	224,745
Pledged and restricted deposits	–	70,610	70,610
Total	<u>45,827</u>	<u>611,822</u>	<u>657,649</u>

Financial liabilities

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
	RMB'000	RMB'000	RMB'000
Redemption liabilities on ordinary shares	–	1,456,586	1,456,586
Financial liabilities due to fund investors	3,650	–	3,650
Trade and bill payables	–	182,376	182,376
Financial liabilities included in other payables and accruals	–	11,440	11,440
Interest-bearing bank and other borrowings	–	436,617	436,617
Total	<u>3,650</u>	<u>2,087,019</u>	<u>2,090,669</u>

40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed the fair values of cash and cash equivalents, trade and bills receivables, trade and bills payables, financial assets included in current portion of prepayments, other receivables and other assets, pledged and restricted deposits, amounts due from related parties, current portion of interest-bearing bank and other borrowings and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments, and the fair values of the non-current portion of interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the stability of market interest rates.

The Group’s finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer. At each reporting date, the finance department assisted by the external valuation team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the finance department. The valuation process and results are discussed once a year for annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The Group invests in wealth management products issued by banks in Chinese mainland. The Group has estimated the fair value of these investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The Group has estimated the fair value of unlisted investments by using a discounted cash flow valuation model and a market-based valuation technique based on assumptions that are not supported by observable market prices or rates.

The Group has estimated the financial liabilities due to fund investors by using a discounted cash flow valuation model.

For the fair value of the unlisted investments at fair value and financial liabilities due to fund investors, management has estimated the potential effect of using reasonably possible alternatives as inputs to the valuation model.

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	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted investments . . .	Discounted cash flow method	Discount rate	2023: N/A 2024: 10% 2025: 9%	5% increase/decrease in discount would result in decrease/increase in fair value by 2023: N/A; 2024: RMB424,000/ RMB494,000; 2025: RMB852,000/ RMB1,309,000.
	Valuation multiples	Average P/B multiple of peers	2023: N/A 2024: 1.05 2025: 1.00	5% increase/decrease in multiple would result in increase/decrease in fair value by 2023: N/A; 2024: RMB52,000/ RMB52,000; 2025: RMB91,000/ RMB91,000.
	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Financial liabilities due to fund investors . . .	Discounted cash flow method	Discount rate	2023: 12% 2024: 10% 2025: 10%	5% increase/decrease in discount would result in decrease/increase in fair value by 2023: RMB1,129,000/ RMB877,000; 2024: RMB1,382,000/ RMB991,000; 2025: RMB71,000/ RMB75,000.
		Discount for lack of marketability	2023: 18% 2024: 16% to 21% 2025: 19%	5% increase/decrease in discount would result in decrease/increase in fair value by 2023: RMB249,000/ RMB249,000; 2024: RMB366,000/ RMB366,000; 2025: RMB14,000/ RMB14,000.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group’s financial instruments:

The Group

Assets measured at fair value:

As at 31 December 2023

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB’000	RMB’000	RMB’000	RMB’000
Financial assets at fair value through profit or loss:				
Wealth management products	—	40,000	—	40,000
Unlisted investments, at fair value	—	—	2,000	2,000
Total	—	40,000	2,000	42,000
	=	=	=	=

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As at 31 December 2024

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at fair value through profit or loss:				
Wealth management products	—	40,000	—	40,000
Unlisted investments, at fair value	—	—	16,734	16,734
Total	—	40,000	16,734	56,734
	==	==	==	==

As at 31 December 2025

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at fair value through profit or loss:				
Wealth management products	—	10,000	—	10,000
Unlisted investments, at fair value	—	—	35,827	35,827
Total	—	10,000	35,827	45,827
	==	==	==	==

The movements in fair value measurements within Level 3 during the year are as follows:

	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Unlisted investments at FVTPL			
At 1 January	—	2,000	16,734
Total losses recognised in profit or loss	—	(5,034)	(4,742)
Purchases	2,000	20,768	8,621
Recognised from disposal of subsidiaries (<i>note 35</i>)	—	—	15,214
Disposals	—	(1,000)	—
At 31 December	2,000	16,734	35,827
	==	==	==

Liabilities measured at fair value:

As at 31 December 2023

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities due to fund investors	—	—	26,191	26,191
	==	==	==	==

As at 31 December 2024

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities due to fund investors	—	—	43,558	43,558
	==	==	==	==

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As at 31 December 2025

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities due to fund investors	—	—	3,650	3,650

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group’s principal financial instruments comprise cash and cash equivalents, pledged and restricted deposits, financial assets at FVTPL, trade and bills receivables, trade and bills payables, redemption liabilities on ordinary shares, financial liabilities due to fund investors and interest-bearing bank and other borrowings. The main purpose of these financial instruments is to raise finance for the Group’s operations. The Group has various other financial assets and liabilities such as trade and bills receivables and trade and bills payables, which arise directly from its operations.

The main risks arising from the Group’s financial instruments are interest rate risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarized below.

Interest rate risk

The Group’s exposure to interest rate risk for changes in interest rates related primarily to the Group’s bank borrowings with floating interest rates. The Group does not use derivative financial instruments to hedge its interest rate risk.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group’s loss before tax (through the impact on floating rate borrowings) and the Group’s equity.

	Increase/(decrease) in base points	(Decrease)/increase in loss before tax	(Decrease)/increase in equity
		RMB'000	RMB'000
31 December 2023			
RMB-dominated borrowings	50	76	(76)
RMB-dominated borrowings	(50)	(76)	76
31 December 2024			
RMB-dominated borrowings	50	790	(790)
RMB-dominated borrowings	(50)	(790)	790
31 December 2025			
RMB-dominated borrowings	50	936	(936)
RMB-dominated borrowings	(50)	(936)	936

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group’s policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group’s exposure to bad debts is not significant.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group’s credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at the end of each of the Relevant Periods.

The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables*	—	—	—	157,875	157,875

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	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets included in prepayments, other receivables and other assets					
– Normal**	19,807	–	–	–	19,807
Amounts due from related parties	242	–	–	–	242
Pledged and restricted deposits					
– Not yet past due	38,974	–	–	–	38,974
Cash and cash equivalents					
– Not yet past due	232,417	–	–	–	232,417
Total	291,440	–	–	157,875	449,315

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bill receivables*	–	–	–	120,849	120,849
Financial assets included in prepayments, other receivables and other assets					
– Normal**	12,537	–	–	–	12,537
Pledged and restricted deposits	46,720	–	–	–	46,720
Cash and cash equivalents	266,445	–	–	–	266,445
Total	325,702	–	–	120,849	446,551

As at 31 December 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables*	–	–	–	302,397	302,397
Financial assets included in prepayments, other receivables and other assets					
– Normal**	27,046	–	–	–	27,046
Amounts due from related parties	4,478	–	–	–	4,478
Pledged and restricted deposits	70,610	–	–	–	70,610
Cash and cash equivalents	224,745	–	–	–	224,745
Total	326,879	–	–	302,397	629,276

* For trade and bills receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in notes 20 to the Historical Financial Information.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

As at the end of each of the Relevant Periods, cash and cash equivalents were deposited in financial institutions of high quality without significant credit risk.

At the end of each of the Relevant Periods, the Group had certain concentrations of credit risk as 14%, 21% and 36% and 59%, 71% and 81% of the Group’s trade receivables were due from the Group’s largest customer and five largest customers, respectively.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations in cash flows.

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The maturity profile of the Group’s financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

As at 31 December 2023				
	Within 1 year or on demand	1 to 5 years	Over 5 years	Total
	RMB’000	RMB’000	RMB’000	RMB’000
Redemption liabilities on ordinary shares	1,035,605	–	–	1,035,605
Trade and bills payables	57,877	–	–	57,877
Interest-bearing bank and other borrowings . . .	70,812	15,233	7,510	93,555
Financial liabilities due to fund investors	26,191	–	–	26,191
Lease liabilities	8,882	17,205	2,813	28,900
Financial liabilities included in other payables and accruals	10,594	–	–	10,594
Total	<u>1,209,961</u>	<u>32,438</u>	<u>10,323</u>	<u>1,252,722</u>
As at 31 December 2024				
	Within 1 year or on demand	1 to 5 years	Over 5 years	Total
	RMB’000	RMB’000	RMB’000	RMB’000
Redemption liabilities on ordinary shares	1,313,326	–	–	1,313,326
Trade and bills payables	108,036	–	–	108,036
Interest-bearing bank and other borrowings . . .	291,855	42,728	17,462	352,045
Financial liabilities due to fund investors	43,558	–	–	43,558
Lease liabilities	5,742	9,382	–	15,124
Financial liabilities included in other payables and accruals	9,860	–	–	9,860
Total	<u>1,772,377</u>	<u>52,110</u>	<u>17,462</u>	<u>1,841,949</u>
As at 31 December 2025				
	Within 1 year or on demand	1 to 5 years	Over 5 years	Total
	RMB’000	RMB’000	RMB’000	RMB’000
Redemption liabilities on ordinary shares	1,456,586	–	–	1,456,586
Trade and bills payables	182,376	–	–	182,376
Interest-bearing bank and other borrowings . . .	394,464	41,154	17,921	453,539
Financial liabilities due to fund investors	3,650	–	–	3,650
Lease liabilities	5,452	4,716	–	10,168
Financial liabilities included in other payables and accruals	11,440	–	–	11,440
Total	<u>2,053,968</u>	<u>45,870</u>	<u>17,921</u>	<u>2,117,759</u>

Capital management

The primary objectives of the Group’s capital management are to safeguard the Group’s abilities to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize shareholders’ value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital as at the end of each of the Relevant Periods.

The Group monitors capital using a current ratio, which is current assets divided by current liabilities.

The current ratios as at the end of the Relevant Periods were as follows:

As at 31 December			
	2023	2024	2025
Current ratio	<u>54%</u>	<u>55%</u>	<u>48%</u>

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42. EVENT AFTER 31 DECEMBER 2025

Pursuant to the shareholders’ resolutions and the promoters’ agreement dated 16 December 2025, the then shareholders of the Company agreed to convert the Company into a joint stock company with limited liability. The net assets of the Company as of the conversion base date, including paid-in capital, capital reserve and share-based payment reserve and accumulated losses, were converted into 12,393,854 ordinary shares at RMB1 each. Upon the completion of registration with the Administration of Market Regulation of Shanghai City on 5 February 2026, the Company was converted into a joint stock company with limited liability under PRC Company Law.

As approved by the shareholders’ general meeting of the Company on 15 April 2026, immediately before the [REDACTED], one Share of RMB1.0 will each subdivide into 10 Shares of RMB0.1 each (the “Share Subdivision”). Immediately after the Share Subdivision, the number of our issued Shares shall become [REDACTED].

Pursuant to the Series E subscription agreement dated 26 March 2026, certain investors agreed to subscribe for the increased registered capital of the Company of RMB478,049, in aggregate, at an aggregated consideration of RMB135,000,000.

43. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group or any of the subsidiaries of Group in respect of any period subsequent to 31 December 2025.

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX III

TAXATION AND FOREIGN EXCHANGE

TAXATION OF SECURITY HOLDERS

The taxation of income and capital gains of holders of H Shares shall be subject to the laws and practices of the PRC and the jurisdictions in which the holders of H Shares are residents or otherwise subject to taxes. The following summary of certain relevant tax provisions is based on current laws and practices, without taking into account any possible changes or modifications in the relevant laws or policies, and does not constitute any opinion or recommendation. This appendix does not involve all the possible tax consequences of the [REDACTED] in H Shares, nor does it take into account the particular circumstances of any individual investor, some of which may be subject to special rules. Therefore, investors should consult their own tax advisor for advice on the tax consequences of the [REDACTED] in H Shares. The discussion is based on the laws and related interpretations in force as of the Latest Practicable Date, which are subject to change or adjustment and may have retroactive effect.

This appendix does not address any PRC tax issues other than income tax, capital gains tax and profits tax, sales tax, value-added tax, stamp duty and estate duty. Investors are advised to consult their financial advisers regarding the PRC and other tax consequences of owning and disposing of H Shares.

TAXATION IN THE PRC

Taxation on Dividends

Individual Investor

Pursuant to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) (the “IIT Law”), which was issued by the SCNPC on September 10, 1980, last amended on August 31, 2018 and implemented on January 1, 2019, and the Regulations on Implementation of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法實施條例》), which was issued by the State Council on January 28, 1994, last amended on December 18, 2018 and implemented on January 1, 2019, individual income including interest, dividends and bonus is subject to individual income tax with applicable proportional tax rate of 20%. For a foreign natural person who is not a resident of the PRC, the receipt of dividends from a PRC enterprise is normally subject to individual income tax of 20% unless specifically exempted by the tax authority of the State Council or reduced by a relevant tax treaty.

In addition, according to the Notice on Issues Concerning the Implementation of Differential Individual Income Tax Policies on Dividends and Bonuses of Listed Companies (《關於上市公司股息紅利差別化個人所得稅政策有關問題的通知》) jointly issued by the MOF, the SAT and the CSRC on September 7, 2015 and effective on September 8, 2015, where an individual acquires the stocks of a listed company from public offering of the company or from the stock market, if the stock holding period is more than 1 year, the income from dividends and bonuses shall be exempted from individual income tax; where an individual acquires the stocks of a listed company from public offering of the company or from the stock market, if the stock holding period is 1 month or less, the income from dividends and bonuses shall be included into the taxable incomes in full amount; if the stock holding period is more than 1 month and up to 1 year, 50% of the income from dividends and bonuses shall be temporarily included into the taxable incomes. The individual income tax rate on the aforesaid income is levied at a flat rate of 20%.

Pursuant to the Arrangement between the Mainland and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) (the “Arrangement”), which was signed on August 21, 2006, the PRC Government may levy taxes on the dividends paid by a PRC company to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 10% of the total dividends payable by the PRC company. If a Hong Kong resident directly holds 25% or more of the equity interest in a PRC company, then such tax shall not exceed 5% of the total dividends payable by the PRC company. The Fifth Protocol of the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《國家稅務總局關於〈內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排〉第五議定書》) (the “Fifth Protocol of the Arrangement”), which came into effect on December 6, 2019, adds

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criteria for the entitlement to enjoy tax treaty benefits. Although there may be other provisions under the Arrangement, the tax treaty benefits shall not be granted in the circumstance where relevant tax treaty benefits, after taking into account all relevant facts and conditions, are reasonably deemed to be one of the main purposes for the arrangement or transactions which will bring any direct or indirect benefits under the Arrangement, except when the grant of benefits under such circumstance is consistent with relevant objective and goal under the Arrangement. The application of the dividend clause of tax agreements shall also be subject to the requirements of PRC tax laws and regulations, such as the Notice of the SAT on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》).

Enterprise Investors

In accordance with the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (the “EIT Law”), which was issued by the SCNPC on March 16, 2007, last amended and implemented on December 29, 2018, and the Implementation Provisions of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) (the “Implementation Provisions”), which was issued by the State Council on December 6, 2007, last amended on December 6, 2024 and implemented on January 20, 2025, a non-resident enterprise is generally subject to a 10% enterprise income tax on PRC-sourced income (including dividends and bonuses received from a PRC resident enterprise that issue shares in Hong Kong), if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income is not connected with such establishment or premise in the PRC. Such withholding tax for non-resident enterprises are deducted at source, where the payer of the income shall be the withholding agent, and is required to withhold the income tax from the payment or due payment every time it is paid or due.

The Circular of the SAT on Issues Relating to the Withholding of Enterprise Income Tax on Dividends Paid by PRC Resident Enterprises to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (《國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》), which was issued by the SAT and implemented on November 6, 2008, further clarified that a PRC-resident enterprise must withhold enterprise income tax at a rate flat of 10% on the dividends of 2008 and onwards that it distributes to overseas non-resident enterprise shareholders of H Shares. The Response to Issues on Levying Enterprise Income Tax on Dividends Derived by Non-resident Enterprise from Holding Stock such as B-shares (《國家稅務總局關於非居民企業取得B股等股票股息徵收企業所得稅問題的批覆》) which was issued by the SAT and implemented on July 24, 2009, further provides that any PRC-resident enterprise that is listed on Chinese and overseas stock exchanges by issuing shares (including A shares, B shares and overseas shares) shall withhold enterprise income tax at a flat rate of 10% on dividends of 2008 and onwards that it distributes to non-resident enterprise shareholders. If non-resident enterprise shareholders need to enjoy tax treaty treatment, they shall handle it in accordance with the relevant provisions of the tax treaty. Pursuant to the Arrangement, the PRC Government may levy taxes on the dividends paid by a PRC company to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 10% of the total dividends payable by the PRC company. If a Hong Kong resident directly holds 25% or more of the equity interest in a PRC company, then such tax shall not exceed 5% of the total dividends payable by the PRC company.

The Fifth Protocol of the Arrangement adds criteria for the qualification of entitlement to enjoy tax treaty benefits. Although there may be other provisions under the Arrangement, the tax treaty benefits under the criteria shall not be granted for relevant gains in the circumstance where relevant tax treaty benefits, after taking into account all relevant facts and conditions, are reasonably deemed to be one of the main purposes for the arrangement or transactions which will bring any direct or indirect benefits under the Arrangement, except when the grant of benefits under such circumstance is consistent with relevant objective and goal under the Arrangement. The application of the dividend clause of tax agreements shall be subject to the requirements of PRC tax laws and regulations, such as the Notice of the SAT on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》).

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Tax Treaties

Non-PRC resident investors residing in countries which have entered into treaties for the avoidance of double taxation with the PRC or in Hong Kong or Macau might be entitled to a reduction of the withholding tax imposed on the dividends received from PRC companies. The PRC currently has entered into Avoidance of Double Taxation Treaties/Arrangements with a number of countries and regions including Hong Kong, China, Macau, China, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom and the United States. Non-PRC resident enterprises entitled to preferential tax rates in accordance with the relevant income tax treaties or arrangements are required to apply to the Chinese tax authorities for a refund of the withholding tax in excess of the agreed tax rate, and the refund application is subject to approval by the Chinese tax authorities.

Pursuant to the Administrative Measures on Entitlement of Non-resident Taxpayers to Preferential Treatment under Tax Treaties (《非居民納稅人享受協定待遇管理辦法》), which was promulgated by the SAT on October 14, 2019 and became effective on January 1, 2020, non-resident taxpayers are entitled to preferential treatment under the tax treaties through self-determination, self-declaration and keeping and documenting relevant information for inspection. Where a non-resident taxpayer self-assesses and concludes that it satisfies the criteria for claiming treaty benefits, it may enjoy treaty benefits at the time of tax declaration or at the time of withholding declaration through a withholding agent, simultaneously gather and retain the relevant materials pursuant to the regulations for future inspection, and be subject to subsequent administration by tax authorities.

Taxation on Share Transfer

Value-Added Tax and Local Surcharges

According to the Value added Tax Law of the PRC (《中華人民共和國增值稅法》), which was promulgated on December 25, 2024 and came into effect on January 1, 2026, any entities and individuals engaged in the sale of goods, supply of processing, repair and replacement services, the sale of services, intangible or immovable assets and import of goods within the territory of the PRC shall pay the VAT. According to the Notice of the MOF and the SAT on Adjusting VAT Rates (《財政部、稅務總局關於調整增值稅稅率的通知》), which came into effect on May 1, 2018, with respect to VAT taxable sales of any taxpayer, the originally applicable VAT rate of 17% and 11% shall be adjusted to 16% and 10%, respectively. According to the Announcement on Relevant Policies for Deepening the VAT Reform (《關於深化增值稅改革有關政策的公告》), which came into effect on April 1, 2019, with respect to VAT taxable sales or imported goods of any VAT general taxpayer, the originally applicable VAT rate of 16% shall be adjusted to 13%, and the originally applicable VAT rate of 10% shall be adjusted to 9%.

In addition, VAT payers are also subject to urban maintenance and construction tax, education surtax and local education surtax (the "local surtax"), which is usually 12% of the actual VAT, business tax and consumption tax (if any) payable.

Income Taxes

Individual investors

According to the IIT Law and the Implementation Provisions of the Enterprise Income Tax Law, gains from the sale of equity interests in the PRC resident enterprises are subject to individual income tax at a rate of 20%.

According to the Circular on Continuing to Temporarily Exempt Individual Income Tax on Income from the Transfer of Shares by Individuals (《財政部、國家稅務總局關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the MOF and SAT on March 30, 1998 and effective on the same date, since January 1, 1997, gains of individuals from the transfer of shares of listed companies continue to be temporarily exempted from individual income tax. On December 31, 2009, the MOF, the SAT and CSRC jointly issued the Circular on Related Issues on Levying Individual Income Tax over the Income Received

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by Individuals from the Transfer of Listed Shares Subject to Sales Limitation (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》), which became effective on the same date, provides that individuals' income from the transfer of listed shares of the listed company on the Shanghai Stock Exchange and the Shenzhen Stock Exchange shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restriction (as defined in the Supplementary Notice on Issues Concerning the Individual Income Tax on Individuals' Income from the Transfer of Restricted Stocks of Listed Companies (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》) jointly issued by the above three departments and came into effect on November 10, 2010). As of the Latest Practicable Date, no aforesaid provisions have expressly provided that individual income tax shall be levied from non-PRC resident individuals on the transfer of shares in PRC resident enterprises listed on overseas stock exchanges.

Enterprise investors

In accordance with the EIT Law and its Implementation Provisions, a non-resident enterprise is generally subject to a 10% enterprise income tax on PRC-sourced income, including gains derived from the disposal of equity interests in a PRC resident enterprise, if it does not have an establishment or premise in the PRC or has an establishment or premises in the PRC but its PRC-sourced income is not connected in reality with such establishment or premise. Such withholding tax for non-resident enterprises are deducted at source, where the payer of the income shall be the withholding agent, and is required to withhold the income tax from the payment or due payment every time it is paid or due. Such tax may be reduced or exempted pursuant to relevant tax treaties or agreements on avoidance of double taxation.

Stamp Duty

Pursuant to the Stamp Duty Law of the PRC (《中華人民共和國印花稅法》) issued by the SCNPC on June 10, 2021 and implemented on July 1, 2022, entities and individuals that issue taxable certificates and conduct securities transactions within the PRC and entities and individuals who issue taxable certificates and conduct securities transactions outside the PRC to be used within the PRC are subject to stamp duty, thus the stamp duty imposed on the transfer of shares of PRC listed companies shall not apply to the purchase and disposal of H Shares by non-PRC investors outside the PRC.

Estate duty

According to PRC law, as of the Latest Practicable Date, no estate duty is currently levied in the PRC government.

Major Taxes on the Company in the PRC

EIT Law

In accordance with the EIT Law and its Implementation Provisions, the enterprise income tax rate is 25%. Enterprises are classified into resident enterprises and non-resident enterprises. A resident enterprise shall pay enterprise income tax at a rate of 25% on its income derived from sources both within and outside the PRC. A non-resident enterprise that has an establishment or place of business in the PRC shall pay enterprise income tax at a rate of 25% on income derived through such establishment or place of business from sources within the PRC, and on income derived from sources outside the PRC that is effectively connected with such establishment or place of business.

Pursuant to the Announcement of the MOF and the SAT on Further Supporting the Development of Relevant Tax and Fee Policies for Micro and Small Enterprises and Individual Industrial and Commercial Households (《財政部、國家稅務總局關於進一步支持小微企業和個體工商戶發展有關稅費政策的公告》) issued by August 2, 2023 and implemented on January 1, 2023, the taxable income of a small low-profit enterprise shall be calculated at a reduced rate of 25% and be subject to enterprise income tax at 20% tax rate, which will be extended to December 31, 2027.

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Pursuant to the Administrative Measures on Accreditation of High-tech Enterprises (《高新技術企業認定管理辦法》) promulgated by the Ministry of Science and Technology of the PRC, the MOF and the SAT on April 14, 2008, amended on January 29, 2016 and effective on January 1, 2016, enterprises that are recognized as high-tech enterprises can apply for a preferential enterprise income tax rate of 15% in accordance with the EIT Law.

Value-added tax

Pursuant to the Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例》) promulgated by the State Council on December 13, 1993, last amended and implemented on November 19, 2017 and the Detailed Rules for the Implementation of the Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例實施細則》) promulgated by the MOF on December 15, 1993, last amended on October 28, 2011 and implemented on November 1, 2011, all taxpayers engaging in the sale of goods or processing, repair and assembly services, the sale of services, intangible assets, real estate, and import goods in the PRC are subject to VAT. Unless otherwise specified, the tax rate is 17.0% for the sale of goods or labour services, leasing services of tangible movable property, or import of goods.

According to the Notice of the MOF and the SAT on the Adjustment to VAT Rates (《財政部、國家稅務總局關於調整增值稅稅率的通知》), issued by the MOF and the SAT on April 4, 2018 and implemented on May 1, 2018, the applicable tax rate for VAT is adjusted where the VAT rates of 17.0% and 11.0% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 16.0% and 10.0%, respectively.

According to the Announcement on Relevant Policies for Deepening Value-Added Tax Reform (《關於深化增值稅改革有關政策的公告》), issued by the MOF, the SAT and the General Administration of Customs on March 20, 2019 and implemented on April 1, 2019, the VAT rates of 16% and 10% for the sale of or import of goods are adjusted to 13% and 9%, respectively.

According to the Circular 36, approved by the State Council, the Pilot Program for Transition from Business Tax to VAT has been fully implemented nationwide since May 1, 2016. All taxpayers of business tax in construction industry, real estate industry, financial industry and living service industry have been included in the scope of the pilot and should pay value-added tax instead of business tax. According to the Implementation Measures for the Pilot Program for Transition from Business Tax to VAT (《營業稅改徵增值稅試點實施辦法》) promulgated by the MOF and the SAT on December 12, 2013, amended on March 23, 2016, July 11, 2017 and March 20, 2019, respectively, and implemented on April 1, 2019, the tax rates for taxpayers selling services, intangible assets or real estate are 17%, 11%, 6% and zero respectively.

According to the Announcement on the Value-Added Tax Reduction and Exemption Policy for Small-Scale Value-Added Tax Taxpayers (《關於增值稅小規模納稅人減免增值稅政策的公告》) promulgated and implemented by the MOF and the SAT on August 1, 2023, small-scale value-added tax taxpayers with monthly sales of less than RMB100,000 (inclusive) are exempt from value-added tax. The announcement will be implemented until December 31, 2027.

FOREIGN EXCHANGE

The lawful currency of the PRC is the Renminbi. The SAFE, under the authority of PBOC, is entitled to perform the function of administrating all matters relating to foreign exchange, including the enforcement of foreign exchange regulations.

According to the Foreign Exchange Administration Regulations of the PRC (《中華人民共和國外匯管理條例》) promulgated by the State Council on January 29, 1996 and last amended and implemented on August 5, 2008, payments of current account items, such as profit distributions, interest payments and trade and service related foreign exchange transactions, can be made in foreign currencies without prior approval from the SAFE by complying with certain procedural requirements. By contrast, approval from or registration with SAFE or its branch offices is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital account items, such as direct investments, repayment of foreign currency-denominated loans, repatriation of investments and investments in securities outside of China.

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The Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》), which was promulgated by the PBOC on June 20, 1996 and implemented on July 1, 1996, removes other restrictions on convertibility of foreign exchange under current items, while imposing existing restrictions on foreign exchange transactions under capital account items.

According to the relevant laws and regulations in the PRC, PRC enterprises (including foreign investment enterprises) which need foreign exchange for current item transactions may, without the approval of the foreign exchange administrative authorities, effect payment through foreign exchange accounts opened at the designated foreign exchange bank, on the strength of valid transaction receipts and proof. Foreign investment enterprises which need foreign exchange for the distribution of profits to their shareholders and PRC enterprises which, in accordance with regulations, are required to pay dividends to their shareholders in foreign exchange (such as our Company) may, on the strength of resolutions of the board of directors or the shareholders' meeting on the distribution of profits, effect payment from foreign exchange accounts at the designated foreign exchange bank, or effect exchange and payment at the designated foreign exchange bank.

According to the Notice of the SAFE on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) issued by the SAFE on February 13, 2015 and implemented on June 1, 2015, foreign exchange registration under domestic direct investment and foreign exchange registration under overseas direct investment shall be directly examined and handled by banks on behalf of the SAFE. SAFE and its branch offices shall indirectly regulate the foreign exchange registration of direct investment through banks.

The Decisions on Matters including Cancelling and Adjusting a Batch of Administrative Approval Items (《國務院關於取消和調整一批行政審批項目等事項的決定》), which was issued and implemented by the State Council on October 23, 2014, decides to cancel the approval requirement of the SAFE and its branch offices for the remittance and settlement of the proceeds raised from the overseas listing of the foreign shares into Renminbi domestic accounts.

According to the Administrative Provisions on Foreign Exchange in Domestic Direct Investment by Foreign Investors (《外國投資者境內直接投資外匯管理規定》) (the "Circular 21"), which was promulgated on May 10, 2013, took effect on May 13, 2013, amended on October 10, 2018 and partially abolished on December 30, 2019, the Circular 21 specifies that the administration by SAFE or its local branch offices over direct investment by foreign investors in the PRC must be conducted by way of registration and banks must process foreign exchange business relating to the direct investment in the PRC based on the registration information provided by SAFE or its branch offices.

The Circular on Reforming the Management Approach regarding the Settlement of Foreign Capital of Foreign-invested Enterprise (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the "Circular 19") promulgated by the SAFE on March 30, 2015, last amended and implemented on March 23, 2023, allows foreign-invested enterprises to make equity investments by using Renminbi fund converted from foreign exchange capital. Under the Circular 19, the foreign exchange capital in the capital account of foreign-invested enterprises upon the confirmation of rights and interests of monetary contribution by the local foreign exchange bureau (or the book-entry registration of monetary contribution by the banks) can be settled at the banks based on the actual operation needs of the enterprises. The proportion of discretionary settlement of foreign exchange capital of foreign-invested enterprises is currently 100%. SAFE can adjust such proportion in due time based on the circumstances of the international balance of payments. Furthermore, the Circular 19 and the Circular on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》), which was issued by the SAFE on June 9, 2016, last amended and implemented on December 4, 2023 (the "Circular 16"), continues to prohibit foreign-invested enterprises from, among other things, using Renminbi funds converted from its foreign exchange capitals for expenditure beyond its business scope or prohibited by national laws and regulations, investment in securities, or other investment and wealth management (except for guarantee products issued by banks), providing loans to non-affiliated enterprises (except where the business scope

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clearly permits) or constructing or purchasing real estate not for self-use (except for real estate enterprises). The Circular on Further Deepening Reforms to Facilitate Cross-border Trade and Investment (《國家外匯管理局關於進一步深化改革促進跨境貿易投資便利化的通知》) (Huifa [2023] No. 28) issued and implemented by the SAFE on December 4, 2023, made further updates on the Circular 16, specifying that the use of capital funds of non-financial enterprises, foreign exchange income under foreign debt and Renminbi funds derived from foreign exchange settlement shall follow the principle of truthfulness and for own use, and (i) shall not be used directly or indirectly for expenditures prohibited by national laws and regulations; (ii) unless otherwise expressly provided, shall not be used directly or indirectly for investment in securities or other investment and wealth management (except for wealth management products and structured deposits with risk ratings of not higher than Level 2); (iii) shall not be used for the issuance of loans to non-affiliated enterprises (except for those expressly permitted in the scope of business and the four specific areas, namely Lin-gang Special Area of China (Shanghai) Pilot Free Trade Zone, Nansha Area of Guangzhou of China (Guangdong) Pilot Free Trade Zone, China (Hainan) Free Trade Port on the Yangpu Economic Development Zone, and Beilun District of Ningbo City, Zhejiang Province); (iv) shall not be used for the purchase of non-self-use residential properties (except for enterprises engaged in real estate development and operation and real estate leasing and operation).

The Notice on Further Promoting the Facilitation of Cross-border Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》), which was issued by the SAFE on October 23, 2019, last amended and implemented on December 4, 2023, cancelled the restrictions on the domestic equity investment by non-investment foreign-funded enterprises with their capital funds and non-investment foreign-funded enterprises are allowed to make domestic equity investment with their capital funds in accordance with the law on the premise that the Negative List is not violated and the projects invested thereby in China are true and compliant.

According to the Circular of the State Administration for Foreign Exchange on Optimizing Foreign Exchange Administration to Support the Development of Foreign-related Business (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》) promulgated and implemented by the SAFE on April 10, 2020, under the prerequisite of ensuring true and compliant use of funds and compliance with the prevailing administrative provisions on use of income from capital projects, enterprises which satisfy the criteria are allowed to use income under the capital account, such as capital funds, foreign debt and overseas listing, for domestic payment, without the need to provide proof materials for veracity to the bank beforehand for each transaction. The bank in charge shall follow the principle of prudential business development to manage and control relevant business risks, and conduct post spot checking on the facilitation of payment for the income under capital accounts in accordance with relevant requirements.

According to the Notice on Relevant Issues Concerning the Administration of Foreign Exchange for Overseas Listing (《關於境外上市外匯管理有關問題的通知》) issued and implemented by the SAFE on December 26, 2014, a domestic company shall register its overseas listing with the foreign exchange bureau located at its registered address within 15 working days after completion of the overseas listing and issuance. The proceeds from an overseas listing of a domestic company may be remitted to the domestic account or deposited in an overseas account, but the use of the proceeds shall be consistent with the content of the document or offering documents for corporate bond, shareholders' circulars, resolutions of the board of directors or shareholders' meetings and other publicly disclosed documents.

The State Administration of Foreign Exchange promulgated the Notice on Further Facilitating Cross-border Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》) issued and took effect on December 4, 2023, cancelled restrictions on domestic equity investments made with capital funds by non-investing foreign-funded enterprises. In addition, restrictions on the use of funds for foreign exchange settlement of domestic accounts for the realization of assets have been removed and restrictions on the use and foreign exchange settlement of foreign investors' security deposits have been relaxed. Eligible enterprises in the pilot area are also allowed to use revenues under capital accounts, such as capital funds, foreign debts and overseas listing revenues for domestic payments without providing materials to the bank in advance for authenticity verification on an item by item basis, while the use of funds should be true, in compliance with applicable rules and conforming to the current capital revenue management regulations.

APPENDIX IV

SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

This Appendix summarizes certain aspects of PRC laws and regulations which are relevant to our Company’s operations and business. For details of laws and regulations relating to taxation in the PRC, see “Appendix III — Taxation and Foreign Exchange” to this document. This Appendix also contains a summary of laws and regulatory provisions of the Company Law. The principal objective of this summary is to provide potential investors with an overview of the principal laws and regulatory provisions applicable to our Company. This summary does not cover all the information which is important to the potential investors. For a discussion of laws and regulations which are relevant to our Company’s business, see “Regulatory Overview” in this document.

THE PRC LEGAL SYSTEM

The PRC legal system is based on the PRC Constitution (《中華人民共和國憲法》) (the “Constitution”), and is made up of written laws, administrative regulations, local regulations, autonomous regulations, separate regulations, rules and regulations of departments of the State Council, rules and regulations of local governments, special administrative region law and international treaties and other regulatory documents signed by the PRC government. Court decisions do not constitute binding precedents, although they are used for the purposes of judicial reference and guidance.

According to the Constitution and the Legislation Law of the PRC (《中華人民共和國立法法》) (the “Legislation Law”), which was last amended by the NPC on March 13, 2023 and implemented on March 15, 2023, the NPC and the SCNPC are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend basic laws relating to criminal and civil matters, state organs and other matters. The SCNPC is empowered to formulate and amend laws other than those required to be enacted by the NPC and to supplement and amend any parts of laws enacted by the NPC during the adjournment of the NPC, provided such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest organ of state administration and has the power to formulate administrative regulations based on the Constitution and laws. The people’s congresses of provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual needs of their respective administrative areas, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations. The people’s congresses of cities divided into districts and their standing committees may formulate local regulations on matters such as urban and rural construction and management, environmental protection and historical and cultural protection based on the specific circumstances and actual needs of such cities, provided that such local regulations do not contravene any provision of the Constitution, laws, administrative regulations and local regulations of such provinces or autonomous regions. Where laws have other stipulations on matters of local regulations formulated by cities divided into districts, such stipulations shall prevail. The local regulations of cities divided into districts and autonomous prefectures shall be subject to approval before implementation.

The standing committees of the people’s congresses of provinces or autonomous regions shall examine the legality of local regulations submitted for approval, and such approval should be granted within four months if they are not in conflict with the Constitution, laws, administrative regulations and local regulations of their respective provinces or autonomous regions. People’s congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in the light of the political, economic and cultural characteristics of the nationality (nationalities) in the areas concerned. The ministries, commissions, PBOC, NAO of the State Council and institutions with administrative functions directly under the State Council may formulate rules and regulations within the jurisdiction of their respective departments based on the laws and the administrative regulations, decisions and rulings of the State Council.

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The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations or rules may contravene the Constitution. The authority of laws is greater than that of administrative regulations, local regulations and rules. The authority of administrative regulations is greater than that of local regulations and rules. The authority of the rules enacted by the people's governments of the provinces and autonomous regions is greater than that of the rules enacted by the people's governments of the cities divided into districts within their respective administrative regions.

The NPC has the power to alter or annul any inappropriate laws enacted by the SCNPC, and to annul any autonomous regulations and separate regulations which have been approved by the SCNPC but which contravene the Constitution and the Legislation Law; the SCNPC has the power to annul administrative regulations that contravene the Constitution and laws, to annul local regulations that contravene the Constitution, laws and administrative regulations, and to annul autonomous regulations and separate regulations which have been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities directly under the Central Government, but which contravene the Constitution and the Legislation Law; the State Council has the power to alter or annul any inappropriate ministerial rules and rules of local governments; the people's congresses of provinces, autonomous regions and municipalities directly under the Central Government have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees; the standing committees of the local people's congresses have the power to annul inappropriate rules enacted by the people's governments at the corresponding level; the people's governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules enacted by the people's governments at a lower level.

According to the Constitution and the Legislation Law, the power to interpret laws is vested in the SCNPC. According to the Decision of the SCNPC Regarding the Strengthening of Interpretation of Laws (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed by the SCNPC on June 10, 1981 and effective on the same date, issues related to the further clarification or supplement of laws or decrees should be interpreted by the SCNPC or provided by with decrees. Issues related to the application of laws or decrees in a court trial should be interpreted by the Supreme People's Court. Issues related to the application of laws or decrees in a prosecution process should be interpreted by the Supreme People's Procuratorate. If there are principled differences in the interpretation of the Supreme People's Court and the Supreme People's Procuratorate, they shall be submitted to the SCNPC for interpretation or decision. The application of other laws and decrees in matters other than those involved in trial or prosecution process should be interpreted by the State Council and the competent authorities.

Where the provisions of local regulations need to be further defined or additional stipulations need to be made, the standing committees of the people's congresses of provinces, autonomous regions and municipalities directly under the Central Government which have enacted such regulations shall provide the interpretations or make the stipulations. Interpretation of issues related to the specific application of local regulations shall be provided by the competent departments of the people's governments of provinces, autonomous regions and municipalities.

PRC JUDICIAL SYSTEM

According to the Constitution and the Law of the PRC of Organization of the People's Courts (《中華人民共和國人民法院組織法》) last amended by the SCNPC on October 26, 2018 and implemented on January 1, 2019, the People's Court is made up of the Supreme People's Court, the local people's courts, and special people's courts. The local people's courts are divided into three levels, namely the basic people's courts, the intermediate people's courts and the higher people's courts. The basic people's courts may set up certain people's tribunals based on the status of the region, population and cases. The Supreme People's Court shall be the highest judicial organ of the state. The Supreme People's Court shall supervise the judicial work by the local people's courts at all levels and by the special people's courts. The people's courts at a higher level shall supervise the judicial work of the people's courts at lower levels.

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According to the Constitution and the Law of Organization of the People’s Procuratorate of the PRC (《中華人民共和國人民檢察院組織法》) last amended by SCNPC on October 26, 2018 and implemented on January 1, 2019, the People’s Procuratorate is the law supervision organ of the state. The Supreme People’s Procuratorate shall be the highest procuratorial organ. The Supreme People’s Procuratorate shall direct the work of the local people’s procuratorates at all levels and of the special people’s procuratorates; the people’s procuratorates at higher levels shall direct the work of those at lower levels.

The people’s courts employ a two-tier appellate system, and judgments or rulings of the second instance at the people’s courts are final. A party may appeal against the judgment or ruling of the first instance of a local people’s courts. The people’s procuratorate may present a protest to the people’s courts at the next higher level in accordance with the procedures stipulated by the laws. In the absence of any appeal by the parties and any protest by the people’s procuratorate within the stipulated period, the judgments or rulings of the people’s courts are final. Judgments or rulings of the second instance of the intermediate people’s courts, the higher people’s courts and the Supreme People’s Court and those of the first instance of the Supreme People’s Court are final. However, if the Supreme People’s Court or the people’s courts at the next higher level finds any definite errors in a legally effective final judgment or ruling of the people’s court at a lower level, or if the chief judge of a people’s court at any level finds any definite errors in a legally effective final judgment or ruling of such court, the case can be retried according to judicial supervision procedures.

The Civil Procedure Law of the PRC (《中華人民共和國民事訴訟法》) (the “Civil Procedure Law”), last amended by the SCNPC on September 1, 2023 and implemented on January 1, 2024 sets forth the requirements for instituting a civil action, the jurisdiction of the people’s courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the PRC Civil Procedure Law. Civil cases are generally heard by the courts where the defendants are located. The court of jurisdiction in a civil action may be chosen by express agreement between the parties, provided that the court is located at a place that has direct connection with the dispute, such as the plaintiff’s or the defendant’s place of domicile, the place where the contract is performed or signed or the object of the action is located. However, the choice of the court cannot violate the regulations of different jurisdictions and exclusive jurisdictions in any case.

A foreign individual, a person without nationality, a foreign enterprise and organization is given the same litigation rights and obligations as a citizen, a legal person and other organization of the PRC when initiating actions or defending against litigation at the people’s court. Should a foreign court limit the litigation rights of citizens, a legal person, and other organizations of the PRC, the PRC court may apply the same principles to the civil litigation rights to citizens, enterprises and organizations of such foreign country. A foreign individual, a person without nationality, a foreign enterprise and organization must engage a PRC lawyer in case he or it needs to engage a lawyer for the purpose of initiating actions or defending against litigations at the people’s court. In accordance with the international treaties to which the PRC is a signatory or participant or according to the principle of reciprocity, a people’s court and a foreign court may request each other to serve documents, conduct investigation and collect evidence and conduct other actions on its behalf. A people’s court shall not accommodate any request made by a foreign court which will result in the violation of sovereignty, security or public interests of the PRC.

All parties must comply with legally effective civil judgments and rulings. If any party to a civil action refuse to comply with a judgment or order made by a people’s court or an award made by an arbitration tribunal in the PRC, the other party may apply to the people’s court for enforcement within two years. Suspension or disruption of the time limit for applying for such enforcement shall comply with the provisions of the applicable law concerning the suspension or disruption of the time-barring of actions.

When a party applies to a people’s court for enforcing an effective judgment or ruling by a people’s court against a party who is not located within the territory of the PRC or whose property is not within the PRC, the party may apply to a foreign court with proper jurisdiction for recognition and enforcement

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of the judgment or ruling. A foreign judgment or ruling may also be recognized and enforced by the people’s court according to the PRC enforcement procedures if the PRC has entered into, or acceded to, an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgment or ruling satisfies the court’s examination according to the principle of reciprocity, unless among other exceptions, the people’s court finds that the recognition or enforcement of such judgment or ruling will result in a violation of the basic principles of the PRC, its sovereignty or security, or for reasons of social and public interests.

THE COMPANY LAW, OVERSEAS LISTING TRIAL MEASURES AND GUIDELINES FOR ARTICLES OF ASSOCIATION OF LISTED COMPANIES

A joint stock limited company established in the PRC seeking a listing on the Hong Kong Stock Exchange is mainly subject to the following laws and regulations of the PRC.

The Company Law was last amended by the SCNPC on December 29, 2023 and implemented on July 1, 2024.

The Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (the “Overseas Listing Trial Measures”) and its five interpretative guidelines, which were promulgated by the CSRC on February 17, 2023 and implemented on March 31, 2023, were applicable to the direct and indirect overseas offering and listing of PRC domestic companies’ securities. According to the Overseas Listing Trial Measures and its interpretative guidelines, where a domestic company directly offering and listing overseas, it shall formulate its articles of association in line with the Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》) (the “Guidelines for Articles of Association”), which was last amended by the CSRC on March 28, 2025 and implemented on the same date, in place of the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (《到境外上市公司章程必備條款》) which ceased to apply from March 31, 2023.

Set out below is a summary of the major provisions of the Company Law, the Overseas Listing Trial Measures and the Guidelines for Articles of Association which are applicable to our Company.

General Provisions

“A joint stock limited company” means a corporate legal person incorporated under the Company Law, whose registered capital is divided into shares of equal par value. The liability of its shareholders is limited to the extent of the shares held by them and the liability of a company is limited to the full value of all the property owned by it.

A company must conduct its business in accordance with laws and regulations as well as public and commercial ethics, be honest and trustworthy and accept the supervision of the government and the public. A company may invest in other companies. If it is prescribed by any law that a company shall not become a capital contributor that shall bear the joint and several liability for the debts of the enterprises it invests in, such provisions shall prevail.

Incorporation

A joint stock limited company may be incorporated by promotion or subscription. A joint stock limited company may be incorporated by a minimum of one but not more than 200 promoters, and at least half of the promoters must have residence within the PRC.

The promoters of subscription of a joint stock company shall convene an inaugural meeting of the company within 30 days after the share capital has been paid-up and shall notified all subscribers the date of the meeting or make an announcement in this regard 15 days before the meeting. The inaugural meeting may be held only with the presence of subscribers holding more than 50% of the voting rights. The

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convening and voting procedures for the inaugural meeting of a joint stock limited company incorporated by promotion shall be stipulated in the agreement of the promoters. Powers to be exercised at the inaugural meeting include but are not limited to the adoption of articles of association and the election of members of the board of directors and the supervisory committee of a company. The aforesaid matters shall be resolved by more than 50% of the votes to be cast by subscribers presented at the meeting.

Within 30 days after the conclusion of the inaugural meeting, the board of directors shall apply to the registration authority for registration of the incorporation of the joint stock limited company. A company is formally established and has the status of a legal person after the business license has been issued by the relevant registration authority.

A joint stock limited company's promoters shall be liable for: (i) the payment of all expenses and debts incurred in the incorporation process jointly and severally if the company cannot be incorporated; (ii) the refund of subscription monies to the subscribers, together with interest, at bank rates for a deposit of the same term jointly and severally if the company cannot be incorporated; and (iii) damages suffered by the company as a result of the default of the promoters in the course of incorporation of the company.

Registered Shares

Under the Company Law, shareholders may make capital contributions in currencies, or with non-monetary property that may be valued in money and legally transferred, such as contribution in kind or with an intellectual property rights, land use rights, shareholding or claims.

The Overseas Listing Trial Measures provides that domestic enterprises that are listed overseas may raise funds and distribute dividends in foreign currencies or Renminbi.

Under the Company Law, a joint stock limited company is required to maintain a register of shareholders, detailing the following information: (i) the name and domicile of each shareholder; (ii) the class and number of shares subscribed for by each shareholder; (iii) the serial number of shares if issued in paper form; and (iv) the date on which each shareholder acquired the shares.

Allotment and Issue of Shares

All issue of shares of a joint stock limited company shall be based on the principles of equality and fairness. The same class of shares must carry equal rights. Shares issued at the same time and within the same class must be issued on the same conditions and at the same price. It may issue shares at par value or at a premium, but it may not issue shares below the par value.

Domestic enterprises issued and listed overseas shall file with the CSRC in accordance with Overseas Listing Trial Measures, submit filing reports, legal opinions and other relevant materials, and truthfully, accurately and completely explain shareholder information and other information. Where a domestic enterprise directly issues and is listed overseas, the issuer shall file with the CSRC. If a domestic enterprise is indirectly listed overseas, the issuer shall designate a major domestic operating entity as the domestic responsible person and file with the CSRC.

Increase in Share Capital

Under the Company Law, in the case of a joint stock limited company issuing new shares, resolutions shall be passed at the shareholders' general meeting in respect of the class and number of new shares, the issue price of the new shares, the commencement and end dates for the issuance of new shares and the class and number of the new shares proposed to be issued to existing shareholders, if any. If no par value stock is issued, more than one-half of the proceeds from the issuance of the new stocks shall be included in the registered capital. Additionally, when the company launches a public issuance of new shares with the approval of the securities regulatory authorities of the State Council, it shall publish a document and financial and accounting reports, and prepare the share subscription form. After the new share issuance has been paid up, the change shall be registered with the company registration authorities and an announcement shall be made.

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Reduction of Share Capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the Company Law: (i) to prepare a balance sheet and a property list; (ii) a company makes a resolution at shareholders' general meeting to reduce its registered capital; (iii) a company shall inform its creditors within 10 days and publish an announcement in newspapers or the National Enterprise Credit Information Publicity System within 30 days after the approval of resolution of reducing registered capital at shareholders' general meeting; (iv) the creditors shall have the right to require a company to repay its debts or provide corresponding guarantees within 30 days after receiving the notice or within 45 days after the announcement if the creditors have not received the notice; (v) when a company reduces its registered capital, it shall register the change with a company registration authority in accordance with the law.

When a company reduces its registered capital, it must reduce the amount of capital contribution or shares in proportion to the capital contribution or shares held by the shareholders, unless otherwise prescribed by any law, or agreed upon by all the shareholders of a limited liability company, or as specified in the articles of association of a joint stock limited company.

Share Buy-Back

Under the Company Law, a company shall not purchase its own shares. Except for any following circumstances: (i) reducing the registered capital; (ii) merging with other company that holds the shares of the company; (iii) using the shares for employee stocks plan or equity incentives; (iv) with respect to shareholders voting against any resolution adopted at the shareholders' general meeting on the merger or division of our Company, the right to demand our Company to acquire the shares held by them; (v) using the shares for the conversion of convertible corporate bonds issued by the listed company; (vi) as required for maintenance of the corporate value and shareholders' rights and interests of a listed company.

The purchase of shares of a company for reasons specified in the case of (i) to (ii) above shall be subject to the resolution of the shareholders' general meeting; the purchase of shares of a company for reasons specified in the case of (iii), (v) and (vi) above shall be subject to the resolution of the Board meeting attended by more than two-thirds of the directors in accordance with the provisions of the articles of association or the authorization from the shareholders' general meeting.

Following the purchase of a company's shares by a company in accordance with the above provisions, such shares shall be canceled within 10 days from the date of buy-back in the case of (i) above; such shares shall be transferred or canceled within six months in the case of (ii) and (iv) above; the total numbers of share of our Company held by a company shall not exceed 10% of the total issued shares of a company, and shall be transferred or canceled within three years in the case of (iii), (v) and (vi) above.

Transfer of Shares

Shares held by a shareholder may be transferred according to the laws. Under the Company Law, a shareholder of a joint stock limited company should affect a transfer of his shares on securities established exchange according to the law or by any other means as required by the State Council. Registered shares may be transferred by endorsement of shareholders or by other means stipulated by laws or administrative regulations. After the transfer, a company shall record the name and address of the transferee in the register of shareholders. No changes of registration in the share register provided in the foregoing requirement shall be affected during a period of 20 days prior to the convening of shareholder's general meeting or 5 days prior to the record date for a company's distribution of dividends. If any law, administrative regulation, or any provision by the securities regulatory authority of the State Council specifies otherwise for the modification of the register of shareholders of a listed company, such provisions should prevail.

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Under the Company Law, shares issued by a company prior to the public offering of shares shall not be transferred within one year from the date on which the shares of accompany are listed and traded on a securities exchange. The directors, supervisors and senior management of the company should declare to the company the shares they hold and the changes thereof. During the term of office as determined when they assume the posts, the shares transferred each year should not exceed 25% of the total shares they hold of the company. Shares of a company held by them shall not be transferred within one year from the date of a company's listing on a securities exchange, nor within six months after their resignation from their positions with a company.

If the shares are pledged within the time limit for restricted transfer as provided for by laws and administrative regulations, the pledgee cannot exercise the pledge right within such restricted period.

Shareholders

Under the Company Law and the Guidelines for Articles of Association, the rights of a shareholder of a company include: (i) to receive dividends and other forms of interest distribution according to the number of shares held; (ii) to legally require, convene, preside over, participate in or authorize proxies of Shareholders to attend the shareholders' meeting and exercise corresponding voting rights; (iii) to supervise business operations of the company, provide suggestions or submit queries; (iv) to transfer, grant or pledge the company's shares held according to the provisions of the laws, administrative regulations and the articles of association; (v) to read and copy the articles of association, the register of Shareholders, counterfoil of company debentures, General Meeting minutes, resolutions of meetings of the board of directors, resolutions of meetings of the board of supervisors and financial and accounting reports; (vi) shareholders who hold more than 3% of the company's shares individually or collectively for more than 180 consecutive days may inspect the company's accounting books and accounting vouchers in accordance with laws; (vii) to participate in the distribution of the remaining assets of the company according to the proportion of shares held upon our termination or liquidation; (viii) to require our company to acquire the shares from Shareholders voting against any resolutions adopted at the General Meeting concerning the merger and division of the company; (ix) other rights conferred by laws, administrative regulations, regulations of the authorities or the articles of association.

The obligations of a shareholder of a company include: (i) to abide by laws, administrative regulations and the articles of association; (ii) to provide share capital according to the shares subscribed for and share participation methods; (iii) not to withdraw shares unless prescribed otherwise in laws and administrative regulations; (iv) not to abuse shareholders' rights to infringe upon the interests of the company or other shareholders; not to abuse the company's status as an independent legal entity or the limited liability of shareholders to damage the interests of the company's creditors; (v) to perform other duties prescribed in laws, administrative regulations, departmental rules and articles of association.

Shareholder's General Meetings

Under the Company Law, the shareholders' general meeting of a joint stock limited company is made up of all shareholders. The shareholders' general meeting is the organ of authority of a company, which exercises the following functions and powers: (i) to elect and replace directors and supervisors and to decide on matters relating to the remuneration of directors and supervisors; (ii) to examine and approve reports of the board of directors; (iii) to examine and approve reports of the supervisory committee; (iv) to examine and approve a company's profit distribution plans and loss recovery plans; (v) to resolve on the increase or reduction of a company's registered capital; (vi) to resolve on the issuance of corporate bonds; (vii) to resolve on the merger, division, dissolution, liquidation or change of corporate form of a company; (viii) to amend the company's articles of association; (ix) other functions and powers specified in provision of the articles of association.

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Under the Company Law, annual shareholders' general meetings are required to be held once every year. An extraordinary shareholders' general meeting is required to be held within two months after the occurrence of any of the following circumstances: (i) the number of directors is less than the number stipulated in the Company Law or less than two-thirds of the number specified in the articles of association; (ii) when the unrecovered losses of a company amount to one-third of the total share capital; (iii) shareholders separately or aggregately holding 10% or more of the company's shares request; (iv) when deemed necessary by the Board; (v) the Supervisory Committee proposes to convene the meeting; (vi) other circumstances as stipulated in the articles of association.

Shareholders' general meetings shall be convened by the board of directors, and presided over by the chairman of the board of directors. In the event that the chairman is incapable of performing or not performing his duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his duties, a director nominated by more than half of directors shall preside over the meeting.

If the board of directors is incapable of performing or is not performing its duties to convene the shareholders' general meeting, the supervisory board should convene and preside over shareholders' general meeting in a timely manner. If the supervisory board fails to convene and preside over shareholders' general meeting, shareholders individually or in aggregate holding 10% or more of the company's shares for 90 days or more consecutively may unilaterally convene and preside over shareholders' general meeting.

If the shareholders who separately or aggregately hold more than 10% of the shares of the company request to convene an interim shareholders' meeting, the board of directors and the board of supervisors should, within 10 days after the receipt of such request, decide whether to hold an interim shareholders' meeting and reply to the shareholders in writing.

Notice of shareholders' general meeting shall state the time and venue of and matters to be considered at the meeting and shall be given to all shareholders 20 days before the meeting. A notice of extraordinary general meeting shall be given to all shareholders 15 days prior to the meeting.

There is no specific provision in the PRC Company Law regarding the number of shareholders constituting a quorum in a shareholders' general meeting. According to the articles of association, the Board and the secretary to the Board shall cooperate with respect to matters relating to a general meeting convened by the Supervisory Committee or the shareholders on their own. The Board shall provide the shareholder registers as of the date of equity registration. In addition, all directors and supervisors and the board secretary shall attend the shareholders' general meeting, whereas the general manager and other senior management members shall be present at the meeting.

Shareholders who separately or aggregately hold more than 1% of the company's shares may put forward interim proposals and submit them to the board of directors in writing 10 days before the shareholders' general meeting. The board of directors shall notify other shareholders within two days after receiving the proposal and submit the interim proposal to the shareholders' general meeting for consideration.

Under the Company Law, a shareholder may entrust a proxy to attend a shareholders' general meeting, and it should clarify the matters, power and time limit of the proxy. The proxy shall present a written power of attorney issued by the shareholder to a company and shall exercise his voting rights within the scope of authorization. There is no specific provision in the Company Law regarding the number of shareholders constituting a quorum in a shareholders' general meeting.

Under the Company Law, shareholders present at a shareholders' general meeting have one vote for each share they hold, except the shareholders of classified shares. However, shares held by the company itself are not entitled to any voting rights.

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The cumulative voting system may be adopted for the election of directors and supervisors at the shareholders' general meeting in accordance with the provisions of the articles of association or the resolutions of the shareholders' general meeting. Under the accumulative voting system, each share shall have the same number of voting rights as the number of directors or supervisors to be elected at the shareholders' general meeting, and shareholders may consolidate their voting rights when casting a vote.

Under the Company Law and the Guidelines for Articles of Association, the passing of any resolution requires affirmative votes of shareholders representing more than half of the voting rights represented by the shareholders who attend the shareholders' general meeting. Matters relating to merger, division or dissolution of a company, increase or reduction of registered capital, change of corporate form or amendments to the articles of association must be approved by more than two-thirds of the voting rights held by the shareholders present at the meeting.

Under the Company Law, meeting minutes shall be prepared in respect of decisions on matters discussed at the shareholders' general meeting. The chairman of the meeting and directors attending the meeting shall sign to endorse such minutes. The minutes shall be kept together with the shareholders' attendance register and the proxy forms.

Directors

Under the Company Law, a joint stock limited company should have a board of directors, which consists of more than three members. Members of the board of directors may include representatives of the employees of the company, who shall be democratically elected by the company's staff at the staff representative assembly, general staff meeting or otherwise. The term of office of a director shall be stipulated in the articles of association, but each term of office shall not exceed three years. Directors may serve consecutive terms if re-elected.

Meetings of the board of directors shall be convened at least twice a year. All directors and supervisors shall be noticed 10 days before the meeting for every meeting. The Board exercises the following functions and powers: (i) to convene shareholder's general meetings and report its work to the shareholder's general meetings; (ii) to implement the resolutions of the shareholder's general meeting; (iii) to decide on a company's business plans and investment plans; (iv) to formulate a company's profit distribution plan and loss recovery plan; (v) to formulate proposals for the increase or reduction of a company's registered capital and the issue of corporate bonds; (vi) to formulate plans for merger, division, dissolution or change of corporate form of a company; (vii) to decide on the internal management structure of a company; (viii) to decide on the appointment or dismissal of the manager of a company and their remuneration; to decide on the appointment or dismissal of the deputy manager and financial officer of a company based on the nomination of the manager and as well as remuneration; (ix) to formulate a company's basic management system; (x) other functions and powers specified in the articles of association or granted by the shareholders' meeting.

Board meetings shall be held only if more than half of the directors are present. If a director is unable to attend a board meeting, he may appoint another director by a power of attorney specifying the scope of the authorization for another director to attend the meeting on his behalf. If a resolution of the board of directors violates the laws, administrative regulations or the articles of association, and as a result of which the company suffers serious losses, the directors participating in the resolution shall be liable to compensate the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director may be exempt from such liability.

Under the Company Law, a person may not serve as a director of a company if he/she is: (i) a person without capacity or with restricted capacity; (ii) a person who has been sentenced to any criminal penalty due to an offence of corruption, bribery, encroachment of property, misappropriation of property, or disrupting the order of the socialist market economy, or has been deprived of political rights due to a

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crime, where a five-year period has not elapsed since the date of completion of the sentence; if he/she is pronounced for suspension of sentence, a two-year period has not elapsed since the expiration of the suspension period; (iii) a person who was a director, factory manager or manager of a company or enterprise which has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the insolvency and liquidation of such company or enterprise; (iv) persons who were legal representatives of a company or enterprise which had its business license revoked due to violation of the law and had been closed down by order, and who were personally liable, where less than three years have elapsed since the date of the revocation of the business license of the company or enterprise or the order for closure; and (v) being listed as one of "dishonest persons subject to enforcement" by the people's court due to his/her failure to pay off a relatively large amount of due debts.

The board of directors shall have one chairman, who shall be elected by more than half of all the directors. The chairman shall exercise the following functions and powers (including but not limited to): (i) to preside over shareholders' general meetings and convene and preside over board meetings; (ii) to examine the implementation of resolutions of the Board; (iii) to exercise other powers conferred by the Board.

Managers and Senior Management

Under the Company Law, a company should have a manager who is appointed or removed by the board of directors. The manager is responsible to the board of directors and exercise his/her functions and powers according to the articles of association of the company or the authorization of the board of directors. The manager attends the meetings of the board of directors.

According to the Company Law, senior management shall refer to the manager, deputy manager(s), financial controller, secretary of the board of directors of a listed company and other personnel as stipulated in the articles of association of the company.

Duties of Directors, Supervisors and Senior Management

Directors, supervisors and senior management of the company are required under the Company Law to comply with the relevant laws, regulations and the articles of association, and have fiduciary and diligent duties to the company. Directors, supervisors and senior management are prohibited from abusing their powers to accept bribes or other unlawful income and from misappropriating the company's properties.

Directors, supervisors and senior management are prohibited from: (i) embezzling the company's property or misappropriating of the company's capital; (ii) depositing the company's capital into accounts under his own name or the name of other individuals; (iii) giving bribes or accepting any other illegal proceeds by taking advantage of their power; (iv) accept and possess commissions paid by a third party for transactions conducted with the company; (v) unauthorized divulgence of confidential company information; or (vi) other acts in violation of their fiduciary duty to the company.

If any director, supervisor or senior management directly or indirectly concludes a contract or conducts a transaction with the company, he/she should report the matters relating to the conclusion of the contract or transaction to the board of directors or shareholders' general meeting, subject to the approval of the board of directors or the shareholders' general meeting according to the articles of association.

The provisions of the preceding paragraph shall apply if any near relatives of the directors, supervisors or senior management, or any of the enterprises directly or indirectly controlled by the directors, supervisors or senior management or any of their near relatives, or any related parties with any other related-party relationship with the directors, supervisors or senior management, concludes a contract or conducts a transaction with the company.

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Neither director, supervisor or senior management may take advantage of his/her position to seek any business opportunity that belongs to the company for himself/herself or any other person except under any of the following circumstances: (i) where he/she has reported to the board of directors or the shareholders' general meeting and has been approved by a resolution of the board of directors or the shareholders' general meeting according to the articles of association; or (ii) where the company cannot make use of the business opportunity as stipulated by laws, administrative regulations or the articles of association.

Where any director, supervisor or senior management fails to report to the board of directors or the shareholders' general meeting and obtain an approval by resolution of the board of directors or the shareholders' general meeting according to the articles of association, he/she may not engage in any business that is similar to that of the company where he/she holds office for himself/herself or for any other person.

A director, supervisor or senior management who contravenes any law, regulation or the company's articles of association in the performance of his duties resulting in any loss to the company shall be personally liable for the damages to the company.

If the shareholders' general meeting requires the attendance of any director or senior management, such director or senior management shall attend the meeting and answer the inquiries from shareholders. Directors and senior management shall furnish all true information and data to the audit committee, without impeding the discharge of duties by the audit committee.

Where a director or senior management other than the audit committee contravenes law, administrative regulation or the articles of association in the performance of his/her duties resulting in any loss to the company, shareholder(s) holding individually or in aggregate more than 1% of the company's shares consecutively for over 180 days may request in writing that the audit committee institute litigation at a people's court on its behalf. Where the audit committee violates the laws or administrative regulations or the articles of association in the discharge of its duties resulting in any loss to the company, such shareholder(s) may request in writing that the board of directors institutes litigation at a people's court on its behalf. If the audit committee or the board of directors refuses to institute litigation after receiving this written request from the shareholder(s), or fails to institute litigation within 30 days of the date of receiving the request, or in case of emergency where failure to institute litigation immediately will result in irrecoverable damage to the company's interests, such shareholder(s) shall have the power to institute litigation directly at a people's court in its own name for the company's benefit. For other parties who infringe the lawful interests of the company resulting in loss to the company. Shareholder(s) provided for in the preceding paragraph may institute litigation at a people's court in accordance with the provisions described above. Where a director or senior management contravenes any laws, administrative regulations or the articles of association in infringement of shareholders' interests, a shareholder may institute litigation at a people's court.

Finance and Accounting

Under the Company Law, a company shall establish its financial and accounting systems according to laws, administrative regulations and the regulations of the financial department of the State Council. At the end of each fiscal year, the company shall prepare a financial and accounting reports which shall be audited by an accounting firm in accordance with the law. The financial and accounting reports shall be prepared in accordance with the laws, administrative regulations and the regulations of the financial department of the State Council.

A joint stock limited company shall make its financial and accounting reports available at the company for inspection by the shareholders 20 days before the convening of a shareholders' general meeting. A joint stock limited company issuing its shares in public shall publish its financial and accounting reports.

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When distributing each year's after-tax profits, the company shall set aside 10% of its profits into its statutory reserve fund. The company can no longer withdraw statutory reserve fund if it has accumulated to more than 50% of the registered capital. If the statutory reserve fund of the company is insufficient to make up for the losses of the previous years, the current year profits shall be used to make up for the losses before making allocations to the statutory reserve in accordance with the preceding paragraph. After the company has made an allocation to the statutory reserve fund from its after-tax profit, it may also make an allocation to the discretionary reserve fund from its after-tax profit upon a resolution of the shareholders' general meeting.

A joint stock limited company may distribute profits in proportion to the number of shares held by its shareholders, except for profit distributions that are not in proportion to the number of shares held in accordance with the provisions of the articles of association of the joint stock limited company.

The premium over the nominal value of the shares of a joint stock limited company from the issue of shares, the amount of share proceeds from the issuance of no-par shares that have not been credited to the registered capital and other incomes required by the financial department of the State Council to be treated as the capital reserve fund shall be accounted for as the capital reserve fund of the company.

The reserve fund of the company shall be used to make up losses of the company, expand the production and operation of the company or increase the capital of the company. Where the reserve fund of a company is used for making up losses, the discretionary reserve and statutory reserve shall be firstly used. If losses still cannot be made up, the capital reserve can be used according to the relevant provisions. When the statutory reserve fund is converted to increase registered capital, the balance of the statutory reserve shall not be less than 25% of the registered capital before such conversion.

The company shall not keep accounting books other than those provided by law. Its assets shall not be deposited in any accounts opened in the name of any individual.

Appointment and Dismissal of Accounting Firms

Pursuant to the Company Law, the engagement or dismissal of an accounting firm responsible for the company's auditing shall be determined by a shareholders' general meeting, the board of directors or the board of supervisors in accordance with the articles of association. The accounting firm should be allowed to make representations when the shareholders' general meeting, the board of directors or the board of supervisors conduct a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidence, accounting books, financial and accounting reports and other accounting information to the engaged accounting firm without any refusal or withholding or falsification of information.

The Guidelines for Articles of Association provides that the company guarantees to provide true and complete accounting vouchers, accounting books, financial accounting reports and other accounting materials to the employed accounting firm, and shall not refuse, conceal or falsely report. And the audit fee of the accounting firm shall be decided by the shareholders' general meeting.

Profit Distribution

Where a company distributes profits to shareholders in violation of the provisions of the Company Law, the shareholders shall refund the profits distributed to the company, and the shareholders, directors, supervisors, and senior management personnel who are responsible for causing losses to the company shall bear compensation liability.

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Amendments to Articles of Association

Any amendments to the company's articles of association must be made in accordance with the procedures set out in the company's articles of association. In relation to matters involving the company's registration, its registration with the authority must also be changed. Pursuant to the Company Law, the resolution of a shareholders' general meeting regarding any amendment to the articles of association requires affirmative votes by more than two-thirds of the votes held by shareholders attending the meeting.

Pursuant to the Guidelines for Articles of Association, the company shall amend its articles of association in any of the following circumstances: (i) after amendments are made to the Company Law or other applicable laws or administrative regulations, the provisions stipulated in the articles of association are in conflict with the provisions of the revised laws and/or administrative regulations; (ii) if certain changes of the company occur resulting in the inconsistency with certain terms specified in the articles of association; and (iii) the shareholders' meeting has resolved to amend the articles of association.

Dissolution and Liquidation

According to the Company Law, a company shall be dissolved for the following reasons: (i) the term of business stipulated in the articles of association has expired or other events of dissolution specified in the articles of association have occurred; (ii) the shareholders' general meeting resolves to dissolve the company; (iii) dissolution is necessary due to a merger or division of the company; (iv) the business license is revoked, or the business license is ordered to be closed or revoked in accordance with laws; (v) where the company encounters serious difficulties in its operation and management and its continuance shall cause a significant loss in the interest of shareholders, and where this cannot be resolved through other means, shareholders who hold more than 10% of the total shareholders' voting rights of the company may present a petition to a people's court for the dissolution of the company with the support of the judgment.

If any of the situations as mentioned in the preceding paragraph arises, a company shall publicize the situations through the National Enterprise Credit Information Publicity System within ten days.

Where the company is dissolved in accordance with (i) above, it may carry on its existence by amending its articles of association or upon a resolution of the shareholders' general meeting, which must be approved by more than two-thirds of the voting rights held by the shareholders present at the shareholders' general meeting. Where the company is dissolved pursuant to (i), (ii), (iv) or (v) above, it shall be liquidated. The directors, who are the liquidation obligors of the company, shall form a liquidation group to carry out liquidation within 15 days from the date of occurrence of the cause of dissolution. The liquidation group shall be composed of the directors, unless it is otherwise provided for in the company's articles of association or it is otherwise elected by the shareholders' meeting. The liquidation obligors shall be liable for compensation if they fail to fulfill their obligations of liquidation in a timely manner, and thus any loss is caused to the company or the creditors.

The liquidation group fails to be formed within the time limit or fails to carry out the liquidation after its formation, any interested party may request the people's court to designate relevant persons to form a liquidation group. The people's court shall accept such request and organize a liquidation group to carry out the liquidation in a timely manner.

The liquidation committee shall exercise the following functions and powers during the liquidation period: (i) to liquidate the company's property and respectively prepare balance sheet and list of property; (ii) to notify creditors by notice or public announcement; (iii) to deal with the outstanding business of the company involved in the liquidation; (iv) to pay all outstanding taxes and taxes arising in the course of liquidation; (v) to liquidate claims and debts; (vi) distributing the remaining property of the company after paying off debts; (vii) to participate in civil litigations on behalf of the company.

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The liquidation group shall notify the company's creditors within ten days as of its formation and shall make a public announcement in the newspaper or on the National Enterprise Credit Information Publicity System within 60 days. The creditors shall file their proofs of claim with the liquidation group within 30 days as of the receipt of the notice or within 45 days as of the issuance of the public announcement in the case of failing to receive such notice.

The remaining property of the company after the payment of liquidation expenses, employees' wages, social insurance expenses and statutory compensation, outstanding taxes and the company's debts, shall be distributed to shareholders in proportion to their shareholdings. During the liquidation period, the company shall continue to exist but shall not carry out any business activities unrelated to the liquidation. The company's assets shall not be distributed to the shareholders before the liquidation in accordance with the preceding paragraph.

If the liquidation committee, having thoroughly examined the company's assets and having prepared a balance sheet and an inventory of assets, discovers that the company's assets are insufficient to pay its debts in full, it shall file an application to a people's court for bankruptcy liquidation. After the people's court accepts the application for bankruptcy, the liquidation group shall hand over the liquidation matters to the bankruptcy administrator designated by the people's court.

Upon completion of the liquidation, the liquidation committee shall prepare a liquidation report to be submitted to the shareholders' general meeting or the people's court for confirmation, and submit to the company registration authority to apply for cancellation of the company's registration.

The members of the liquidation group performing their duties of liquidation are obliged to loyalty and diligence. Any member of the liquidation group who neglects to fulfill his/her liquidation duties, thus causing any loss to the company shall be liable for compensation, and any member of the liquidation group who cause any loss to any creditor due to his/her intentional or gross negligence shall be liable for compensation.

Where, after three years since the business license of a company is revoked, or the company is ordered to close down or is revoked, the company fails to apply for its deregistration with the company registration authority, the said authority may announce the company's deregistration through the National Enterprise Credit Information Publicity System for a period of no less than 60 days. If there is no objection after the announcement period expires, the company registration authority may deregister the company.

Overseas Listing

According to the Overseas Listing Trial Measures, where an issuer makes an overseas initial public offering or listing, it shall file with the CSRC within 3 working days after submitting the application documents for overseas issuance and listing. If an issuer issues securities in the same overseas market after overseas issuance and listing, it shall file with the CSRC within 3 working days after the completion of the issuance. If an issuer issues and lists in other overseas markets after overseas issuance and listing, it shall be filed in accordance with the provisions of the first paragraph of the Article 16 of the Overseas Listing Trial Measures. Moreover, if the filing materials are complete and meet the requirements, the CSRC shall complete the filing within 20 working days from the date of receiving the filing materials, and publicize the filing information through the website. If the filing materials are incomplete or do not meet the requirements, the CSRC shall inform the issuer of the materials to be supplemented within 5 working days after receiving the filing materials. The issuer shall supplement the materials within 30 working days.

Termination of Listing

According to the Overseas Listing Trial Measures, in case of active or compulsory termination of listing, the issuer shall report the specific situation to the CSRC within 3 working days from the date of occurrence and announcement of the relevant matters.

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Merger and Division

A merger agreement shall be signed by merging companies and the involved companies shall prepare respective statements of financial position and inventory of assets. The companies shall within 10 days of the date of passing the resolution approving the merger notify their respective creditors and publicly announce the merger in newspapers or on the National Enterprise Credit Information Publicity System within 30 days. A creditor may, within 30 days of receipt of the notification, or within 45 days of the date of the announcement if he has not received the notification, request the company to settle any debts or provide relevant guarantees. In case of a merger, the credits and debts of the merging parties shall be assumed by the surviving or the new company after the merger.

In case of a division, the company's assets shall be divided and a statement of financial position and an inventory of assets shall be prepared. When a resolution regarding the company's division is approved, the company should notify all its creditors within 10 days of the date of passing such resolution and publicly announce the division in newspapers or on the National Enterprise Credit Information Publicity System within 30 days. Unless an agreement in writing is reached with creditors before the company's division in respect of the settlement of debts, the liabilities of the company which have accrued prior to the division shall be jointly borne by the divided companies.

Changes in the business registration of the companies as a result of the merger or division shall be registered with the relevant administration authority for industry and commerce.

In accordance with the laws, cancelation of a company shall be registered when a company is dissolved and incorporation of a company shall be registered when a new company is incorporated.

SECURITIES LAW AND REGULATIONS

In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities-related institutions in the PRC and administering the CSRC. The CSRC is the regulatory arm of the Securities Committee and is responsible for the drafting of regulatory provisions of securities markets, supervising securities companies, regulating public offers of securities by Chinese companies in the Chinese Mainland or overseas, regulating the trading of securities, compiling securities-related statistics and undertaking research and analysis. On March 29, 1998, the State Council consolidated the above two departments and reformed the CSRC.

The Provisional Regulations Concerning the Issue and Trading of Shares (《股票發行與交易管理暫行條例》) issued by the State Council on April 22, 1993 and implemented on the same date provide the application and approval procedures for public offerings of shares, trading in shares, the acquisition of listed companies, the deposit, settlement and transfer of listed shares, the disclosure of information with respect to a listed company, investigation and penalties and dispute arbitration.

The Regulations of the State Council Concerning the Domestic Listed Foreign Shares of Joint Stock Limited Companies (《國務院關於股份有限公司境內上市外資股的規定》), which were issued by the State Council on December 25, 1995 and implemented on the same date, mainly provide for the issue, subscription, trading and payment of dividends of domestic listed foreign shares and disclosure of information of joint stock limited companies with domestic listed foreign shares.

The Securities Law, which was last amended by the SCNPC on December 28, 2019 and implemented on March 1, 2020, provides a series of provisions regulating, among other things, the issue and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of the State Council's securities regulatory authorities in the PRC, and comprehensively regulates activities in the PRC securities market. The Securities Law provides that a domestic enterprise

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must comply with the relevant provisions of the State Council in issuing securities directly or indirectly outside the PRC or listing and trading its securities outside the PRC. Currently, the issue and trading of foreign issued shares are mainly governed by the rules and regulations promulgated by the State Council and the CSRC.

ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

Under the Arbitration Law of the PRC (《中華人民共和國仲裁法》) (the “Arbitration Law”), last amended by the SCNPC on September 2, 2025 and implemented on March 1, 2026, the Arbitration Law is applicable to economic disputes involving foreign parties, and all parties have entered into a written agreement to refer the matter to an arbitration committee constituted in accordance with the Arbitration Law. Where both parties have agreed to settle disputes by means of arbitration, the people’s court will refuse to take legal action brought by a party in the people’s court.

Under the Arbitration Law, an arbitral award is final and binding on the parties. If a party fails to comply with an award, the other party to the award may apply to the people’s court for enforcement according to the Civil Procedure Law. If there is evidence to prove that any of the following circumstances exists: the parties have not stipulated an arbitration clause in the contract or have not reached a written arbitration agreement afterwards; the respondent has not been notified of the appointment of the Court of Arbitration or the arbitration proceedings or failed to present views for other reasons for which the respondent is not responsible; the composition of the arbitral tribunal or the arbitration procedures are not in accordance with the arbitration rules; the matters awarded are outside the scope of the arbitration agreement, or the arbitration committee has no jurisdiction to arbitrate, the people’s court may rule not to enforce such award. A party seeking to enforce an arbitral award of foreign arbitration commission against a party who or whose property is not within the Chinese Mainland shall apply to a foreign court with jurisdiction over the case for recognition and enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognized and enforced by the people’s court in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC.

According to the Arrangement of the Supreme People’s Court on Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的安排》) promulgated by the Supreme People’s Court on January 24, 2000 and implemented on February 1, 2000, and the Supplementary Arrangement of the Supreme People’s Court on Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的補充安排》) promulgated by the Supreme People’s Court on November 26, 2020 and implemented on November 27, 2020, awards made by PRC arbitral authorities can be applied for enforcement in Hong Kong, and Hong Kong arbitration awards can also be applied for enforcement in the PRC.

JUDICIAL JUDGMENT AND ITS ENFORCEMENT

According to the Arrangement on Mutual Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Chinese Mainland and of the Hong Kong Special Administrative Region Pursuant to Agreed Jurisdiction by Parties Concerned (《最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) (the “Arrangement”) promulgated by the Supreme People’s Court on 3 July 2008 and implemented on 1 August 2008, in the case of final judgment, defined with payment amount and enforcement power, made between the court of the PRC and the court of the Hong Kong in a civil and commercial case with written jurisdiction agreement, any party concerned may apply to the People’s Court of the PRC or the court of the Hong Kong for recognition and enforcement based on this arrangement. “Choice of court agreement in written” refers to a written agreement defining the exclusive jurisdiction of either the People’s Court of the PRC or the court of the Hong Kong in order to resolve dispute with particular legal relation occurred or likely to occur by the party

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concerned. Therefore, the party concerned may apply to the Court of the PRC or the court of the Hong Kong to recognize and enforce the final judgment made in the PRC or Hong Kong that meet certain conditions of the aforementioned regulations.

On January 18, 2019, the Supreme People’s Court of the PRC and the Hong Kong government signed the Arrangement on Reciprocal Recognition and Enforcement of Judgements in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the “New Arrangement”), which seeks to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgements in wider range of civil and commercial matters between Hong Kong and the PRC. The New Arrangement discontinued the requirement for a jurisdiction agreement for bilateral recognition and enforcement. The New Arrangement took effect on January 29, 2024 after the promulgation of a judicial interpretation by the Supreme People’s Court and the completion of the relevant legislative procedures in the Hong Kong. The New Arrangement has, upon its effectiveness, superseded the Arrangement.

APPENDIX V

SUMMARY OF THE ARTICLES OF ASSOCIATION

This appendix contains a summary of the main provisions of the Articles of Association (draft), which was considered and approved at the 2026 second extraordinary shareholders’ meeting of the Company, and will take effect from the date of [REDACTED] of H shares on the Hong Kong Stock Exchange.

As the main purpose of this appendix is to provide potential investors with an overview of the Articles of Association, it doesn’t contain all information that is important to potential investors.

ISSUANCE OF SHARES

The shares of the Company shall take the form of share certificate. The shares of the Company shall be issued by following the principles of openness, fairness and justice, and each share of the same class shall have the same rights. Shares issued at the same time and within the same class must be issued on the same conditions and at the same price. For any share subscribed by subscribers, the same price per share shall be paid.

Shares issued by the Company shall have a par value, with each share having a par value of RMB0.1.

All the shares issued by the Company are common shares.

INCREASE, DECREASE AND REPURCHASE OF SHARES

Increase and decrease of shares

The Company may, upon resolution by a shareholders’ meeting, adopt the following methods to increase its capital in accordance with its business and development needs and pursuant to the provisions of laws, regulations or securities regulatory rules of the place where the Company’s shares are [REDACTED]:

- i. issuing shares to unspecified parties;
- ii. issuing shares to specified parties;
- iii. allotting bonus shares to its existing shareholders;
- iv. converting the capital reserves into share capital;
- v. any other method stipulated by laws, administrative regulations, as well as other methods approved by the securities regulatory authority of the place where the Company’s shares are [REDACTED], the Hong Kong Stock Exchange, and the CSRC.

The Board of Directors may decide to issue shares in accordance with the preceding provision, which results in changes in the registered capital and the number of the issued shares of the Company, the amendments to such matters recorded in the Articles of Association no longer need to be voted on by the shareholders’ meeting.

When the Board of Directors decides to issue new shares, the board’s resolution must be approved by at least two-thirds of all directors.

The Company may reduce its registered capital. The Company’s reduction of registered capital shall follow the procedures stipulated by the Company Law and other relevant regulations, the Hong Kong Listing Rules, other securities regulatory rules of the place where the Company’s shares are [REDACTED], and the procedures stipulated in these Articles of Association.

Whether increasing or reducing its registered capital, the Company shall, in accordance with the law, complete the change registration with the Company registration authority.

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Repurchase of Shares

Under the following circumstances, the Company may acquire its own shares according to the provisions of laws, administrative regulations, departmental rules, and these Articles of Association:

- i. reduce the registered capital of the Company;
- ii. merger with other companies which hold shares in the Company;
- iii. the shares are to be used for employee share ownership plans or equity incentives;
- iv. the shareholders who vote against any resolutions adopted at the shareholders' meeting concerning the merger and division of the Company require the Company to acquire its shares;
- v. such shares are in use for transferring corporate bonds issued by the Company that can be converted into shares;
- vi. it is necessary for the Company to maintain corporate value and shareholders' interests.

The Company may acquire its shares through open and centralized [REDACTED] or other methods permitted by laws, administrative regulations, Hong Kong Listing Rules, other securities regulatory rules of the place where the Company's shares are [REDACTED] and the CSRC (if required). Where the Company acquires its shares under the circumstances specified in above item iii, item v, item vi, open and centralized [REDACTED] shall be adopted.

Acquisition of its own shares by the Company under the circumstances specified in above item i and item ii shall be subject to resolution at the shareholders' meeting; acquisition of its own shares by the Company under the circumstances specified in above item iii, item v and item vi shall, as authorized in accordance with these Articles of Association or by the Shareholders' Meeting, be subject to a resolution at a board meeting attended by at least two-thirds of the directors.

Where the Company acquires its shares pursuant to the preceding provision, in the case of items i, such shares shall be cancelled within ten days from the date of acquisition; in the case of items ii, items iv, such shares shall be transferred or cancelled within 6 months; and in the case of items iii, items v, items vi, the aggregate number of the Company's shares held by the Company shall not exceed 10% of the total issued shares of the Company, and shall be transferred or cancelled within three years.

After acquiring its own shares, the Company shall comply with the information disclosure obligations stipulated by the relevant laws, regulations, and the Hong Kong Listing Rules. If the securities regulatory rules in the place where the Company's shares are [REDACTED] provide additional provisions regarding matters related to the share repurchase, those provisions shall prevail.

SHARES TRANSFERS

The shares of the Company shall be transferred legally.

Shares held by the Company's shareholders, as well as shares held by directors, and senior management, with respect to transfer restrictions, reduction in holdings, and other share-related changes shall be governed by the Company Law, the Securities Law, the Hong Kong Listing Rules, and the relevant provisions on changes in company shares promulgated by the CSRC and the relevant regulatory rules of the place where the Company's shares are [REDACTED].

All transfers of H shares shall adopt a written instrument of transfer in a general or ordinary format or any other format accepted by the Board (including the standard transfer format or form of transfer that Hong Kong Stock Exchange may provide from time to time); such instrument of transfer may be signed by hand, or be stamped with the valid seal of the Company (if the Company is the transferor or the

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transferee). Where the transferor or transferee is a recognized clearing house or any of its agents as defined by relevant regulations in the laws of Hong Kong effective from time to time, the instrument of transfer may be signed by hand or by machine-printed form. All instruments of transfer shall be kept at the legal address of the Company or other place designated by the Board from time to time.

The Company shall not accept its own shares as the subject of the pledge.

Shares issued by the Company prior to the public issuance of shares shall not be transferred within one year from the date the shares of the Company are [REDACTED] and [REDACTED] on the Securities Exchange.

The directors and senior management of the Company shall report to the Company the shares of the Company held by them and changes thereof and shall not transfer more than 25% of the total number of shares held by them during each year of his/her term of office as determined at the time of taking the office; the shares that they held in the Company shall not be transferred within one year of the date on which the shares of the Company are [REDACTED] and [REDACTED]. The aforesaid persons shall not transfer the shares of the Company held by them within half a year from the date of their dismission.

If shares are pledged during the period of restricted transfer as stipulated by laws and administrative regulations, the pledgee shall not exercise the pledge rights within such restricted period.

Regarding the transfer restrictions of [REDACTED] shares, where the relevant provisions of securities regulatory authority of the place where the shares of the Company are [REDACTED] establish additional rules, such provisions shall prevail.

Where the directors, senior management or shareholders who hold 5% or more of the shares of the Company dispose of any shares or other equity securities held by him or her in the Company within 6 months from the date of acquiring, or acquire any shares or other equity securities again within 6 months from the date of disposing of, the proceeds thereof shall belong to the Company, and the Board of the Company shall recover such proceeds. However, in the circumstances where a securities company holds 5% or more of the shares of the Company due to the purchase of the remaining shares after the [REDACTED], or the securities regulatory authority of the State Council and the securities regulatory authorities in the place where the Company's shares are [REDACTED], the sale of such shares shall not be subject to a six-month period. The shareholders holding more than 5% of the Company's shares as mentioned above shall exclude any recognized clearing house (and its nominee(s)) as defined under the relevant laws and regulations of Hong Kong from time to time.

The shares or other equity securities held by the aforementioned directors, senior management or individual shareholders shall include the shares or other equity securities held by such person's spouse, parents, children or held through the accounts of other persons.

Where the Board of Directors of the Company does not act in accordance with the foregoing provision of the Article, the shareholders shall have the right to require the Board of Directors to take action within 30 days. Where the Board of Directors of the Company fails to take such action within the aforesaid period, the shareholders shall be entitled to file proceedings at the people's court directly in their own names for the interests of the Company.

Where the Board of Directors of our Company fails to take action in accordance with the foregoing provision of the Article, the Directors who are accountable thereto shall be jointly and severally liable pursuant to law.

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SHAREHOLDERS AND THE SHAREHOLDERS' MEETING

Shareholders

Our Company shall make a register of shareholders in accordance with evidentiary documents provided by the securities registration authorities. The register of shareholders is a piece of sufficient evidence for shareholders holding the shares of the Company. Shareholders enjoy the rights and assume the obligations in accordance with the class of shares they hold; shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

The Board of Directors may decide to issue shares not exceeding 50% of the issued shares within three years. However, if the capital contribution is made in the form of non-monetary assets, it shall require a resolution by the shareholders' meeting.

The shareholders of the Company shall be entitled to the following rights:

- i. to speak and vote at the shareholders' meeting (including by electronic means), except where the Hong Kong Stock Exchange Listing Rules require the waiver of voting rights on certain matters;
- ii. to be entitled to dividends and other forms of distributions in proportion to the number of shares held;
- iii. to request, convene, preside over, attend or appoint proxies to attend shareholders' meetings, to speak at shareholders' meetings and to exercise the corresponding voting rights in accordance with the law, unless individual shareholders are required by the securities regulatory rules of the place where the Company's shares are [REDACTED] or the requirements of applicable laws and regulations to waive their voting rights on certain matters;
- iv. supervising the Company's business operations, proposing recommendations or raising questions;
- v. transfer, donate or pledge the shares they held in accordance with the provisions of laws, administrative regulations or these Articles of Association;
- vi. to access and copy the Articles of Association, register of shareholders, minutes of shareholders' meetings, resolutions of Board Meetings, financial accounting reports, eligible shareholders may inspect the Company's accounting books and accounting vouchers;
- vii. to participate in the distribution of the remaining assets of our Company according to the proportion of shares held upon our termination or liquidation;
- viii. to require our Company to acquire the shares from Shareholders voting against any resolutions adopted at the shareholders' meeting concerning the merger and division of the Company;
- ix. other rights conferred by laws, administrative regulations or these Articles of Association.

In addition to the above rights, shareholders who have individually or collectively held more than 3% of the Company's shares for more than 180 consecutive days can inspect the accounting books and the accounting vouchers of the Company. If a shareholder requests to inspect the Company's accounting books and vouchers, the request must be submitted in writing to the Company with a statement of purpose. If the Company has reasonable grounds to believe that the shareholder's inspection is intended for an improper purpose that may harm the Company's legitimate interests, the Company may refuse access and must provide a written reply to the shareholder within fifteen days from the date the written request is submitted, explaining the reasons. If the Company refuses to grant access, the shareholder may file a lawsuit with the People's Court.

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If any shareholder who request to inspect the aforementioned relevant materials of the Company shall provide written documentation proving the type and number of shares held. Upon verifying the shareholder's identity, the Company shall provide the requested information. The relevant information or materials obtained by the shareholder that have not been disclosed to the public must remain confidential. If a shareholder breaches this confidentiality obligation and causes damage to the Company, they shall be liable for compensation.

Where the contents of a resolution of the shareholders' meeting or the Board of Directors of the Company violate any law or administrative regulation, shareholders are entitled to petition the people's court to declare the resolution invalid.

Where the convening procedures or voting method of a shareholders' meeting or a Board meeting violate any laws, administrative regulations or the Articles of Association, or the contents of a resolution violate the Articles of Association, a shareholder shall have the right to apply to the people's court for revocation within 60 days from passing of such resolution, unless there is only a slight defect in the procedure of convening or the method of voting at the shareholders' meetings or Board meetings, which has no substantive impact on the resolution.

The shareholders of the Company shall undertake the following obligations:

- i. abiding by laws, administrative regulations and the Articles of Association;
- ii. to contribute to the share capital as determined by the number of shares subscribed by them and the method of subscription;
- iii. not to withdraw their contributed share capital except in circumstances allowed by the laws and administrative regulations;
- iv. not abusing shareholder's rights to harm the interests of the Company or other shareholders; not abusing the independent legal person status of the Company and shareholders' limited liability to harm the interests of the Company's creditors;
- v. any other obligations stipulated by laws, administrative regulations, and other regulatory rules of the place where the Company's shares are [REDACTED] and the Articles of Association.

Shareholders of the Company who abuse shareholders' rights and cause damages to the Company and other shareholders shall be liable for compensation pursuant to the law. Shareholders who abuse the independent legal person status of the Company and shareholders' limited liability to evade debts and severely infringe upon interests of the Company's creditors shall assume joint and several liabilities for the Company's debts.

Any shareholder of five percent or more of the voting shares of the Company that pledges any shares held by him or her shall report to the Company in writing on the date of such pledge.

General provisions of the shareholders' meeting

The shareholders' meeting is the organ of authority of the Company, and shall exercise following functions and powers pursuant to the law:

- i. to elect and replace the directors and decide on the matters relating to the remuneration of directors;
- ii. to consider and approve the reports of the Board of Directors;
- iii. to consider and approve the Company's plans of earnings distribution and loss make-up schemes;

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- iv. to make resolutions on the increase or decrease of the registered capital of the Company;
- v. to make resolutions on the issuance of corporate bonds and other securities by the Company and their [REDACTED];
- vi. to make resolutions on the merger, division, dissolution, liquidation or change of corporate form of the Company;
- vii. to amend the Articles of Association;
- viii. to resolve on the engagement or dismissal of the accounting firm responsible for auditing by the Company;
- ix. to review and approve the guarantees stated in Article 44;
- x. to review matters concerning the Company’s purchase or sale of major assets within one year exceeding 30% of the most recently audited total assets;
- xi. to review and approve any changes to the use of raised funds;
- xii. to review equity incentive plans and employee share ownership plans;
- xiii. to review other matters that, according to laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, other securities regulatory rules applicable in the jurisdiction where the Company’s shares are [REDACTED], or these Articles of Association require to be decided by the shareholders’ meeting;
- xiv. to review the repurchase of the Company’s shares under the circumstances specified in these Articles of Association.

Unless otherwise provided by laws, administrative regulations, or departmental rules, the powers of the shareholders’ meeting shall not be exercised by the Board of Directors, or by any other institution or individual through authorization.

The following external guarantees of the Company shall be submitted to the shareholders’ meeting for consideration:

- i. any guarantee provided after the combined total of external guarantees by the Company and its controlling subsidiaries exceeds 50% of the most recent audited net assets;
- ii. any guarantee provided after the total amount of external guarantees by the Company exceeds 30% of the most recent audited total assets;
- iii. any guarantee, within one year, whose amount exceeds 30% of the Company’s most recent audited total assets;
- iv. guarantees provided to counterparties with a debt-to-asset ratio exceeding 70%;
- v. any single guarantee amount exceeding 10% of the most recent audited net assets;
- vi. guarantees provided to shareholders, actual controllers, and their related parties;
- vii. any other guarantee circumstances that, according to laws, administrative regulations, rules, normative documents, the Hong Kong Listing Rules, other securities regulatory rules applicable in the jurisdiction where the Company’s shares are [REDACTED], or these Articles of Association, require review and approval by the shareholders’ meeting.

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Any external guarantees that require approval by the shareholders’ meeting must first be reviewed and approved by the Board of Directors prior to being submitted to the shareholders’ meeting for approval.

Except for the matters that must be submitted to the shareholders’ meeting for review and approval as specified above, all other external guarantee matters of the Company shall be reviewed and approved by the Board of Directors.

When the shareholders’ meeting reviews proposals for guarantees provided to shareholders, actual controllers, or their related parties, the shareholder involved — or any shareholder under the control of the actual controller — shall not participate in the corresponding vote, which must be passed by a majority of the voting rights held by the other shareholders present at the meeting.

Convening of shareholders’ meeting

The Board of Directors shall convene the shareholders’ meeting on time within the prescribed period.

With the approval of a majority of all the independent non-executive directors, the independent non-executive directors have the right to propose to the Board of Directors to convene an extraordinary shareholders’ meeting, in the form of writing. Where independent non-executive Directors propose to convene an extraordinary shareholders’ meeting, the Board of Directors shall, pursuant to the laws, administrative regulations, the Hong Kong Listing Rules and other regulatory rules of the place where the Company’s shares are [REDACTED] and the provisions of the Articles of Association, issue a written reply on whether or not to approve the convening of the extraordinary shareholders’ meeting within 10 days upon the receipt of the proposal.

Where the Board of Directors agree to convene the extraordinary shareholders’ meeting, a notice on convening of the shareholders’ meeting shall be issued within 5 days from such decision; where the Board of Directors does not give consent for convening an extraordinary shareholders’ meeting, reasons shall be specified and announcements shall be made.

Shareholder(s) individually or jointly holding more than 10% of the voting shares of the Company shall have the right to propose to the Board of Directors to convene an extraordinary shareholders’ meeting and such proposal shall be made to the Board of Directors in writing. The Board of Directors shall, in accordance with laws, administrative regulations, the Hong Kong Listing Rules and other regulatory rules of the place where the Company’s shares are [REDACTED] and the provisions of the Articles of Association, reply in writing on whether or not to agree on the convening of the extraordinary shareholders’ meeting within 10 days upon the receipt of the proposal.

Where the Board of Directors agree to convene the extraordinary shareholders’ meeting, a notice on convening of the shareholders’ meeting shall be issued within 5 days from such decision, and the changes made to the original proposal in the notice shall be approved by relevant shareholders.

Where the Board of Directors does not give consent for convening of an extraordinary shareholders’ meeting or does not issue feedback within 10 days upon the receipt of the requisition(s), the shareholders holding more than 10% of the Company’s voting shares (excluding treasury shares) individually or jointly shall be entitled to put forward proposal to the Audit Committee on convening of an extraordinary shareholders’ meeting and such proposal shall be made to the Audit Committee in writing.

Where the Audit Committee gives consent for convening an extraordinary shareholders’ meeting, a notice on convening of the shareholders’ meeting shall be issued within 5 days upon the receipt of the requisition(s) and the changes made to the original proposal in the notice shall be approved by relevant shareholders.

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Where the Audit Committee fails to issue a notice of a shareholders' meeting within the stipulated period, the Audit Committee shall be deemed as not convening and chairing the shareholders' meeting, and the shareholders who hold more than 10% of the Company's shares (excluding treasury shares) individually or jointly for more than 90 consecutive days may proceed to convene and chair a shareholders' meeting on their own initiative.

Where the Audit Committee or shareholders decide to convene a shareholders' meeting on their own, they shall notify the Board of Directors in writing.

Prior to the announcement of the resolution of the shareholders' meeting, the proportion of the voting shares held by the shareholders who convene the meeting shall not be less than 10% (excluding treasury shares). To convene a shareholder meeting shall disclose an announcement no later than the issuance of the notice of the shareholders' meeting and shall commit that, from the date of the proposal to convene the shareholders' meeting until the date of the meeting, their shareholding ratio shall not be less than 10% of the Company's total share capital (excluding treasury shares).

Where the Audit Committee or the shareholders convene a shareholders' meeting on their own, the Board of Directors and the secretary of the Board of Directors shall cooperate. The Board of Directors shall provide the register of shareholders as of the date of share recording. The register of shareholders obtained by the convener may not be used for other purposes except the convention of a shareholders' meeting.

Where the Audit Committee or the shareholders convene a shareholders' meeting on their own, the necessary expenses incurred thereof shall be borne by the Company.

Proposals and notices of shareholders' meeting

The content of a proposal shall be within the scope of functions and powers of the shareholders' meeting, have definite topics and specific resolutions, and shall comply with laws, administrative regulations, the Hong Kong Listing Rules and other securities regulatory rules of the place where the shares of the Company are [REDACTED] and the relevant provisions of the Articles of Association.

Where the Company convenes a shareholders' meeting, the Audit Committee, and shareholder(s) individually or jointly holding more than 1% voting shares of the Company shall be entitled to put forward proposals to the Company.

Shareholder(s) individually or jointly holding more than 1% of the shares of the Company may put forward provisional proposals and submit them in writing to the convener 10 days before a shareholders' meeting is convened. The convener shall issue a supplementary notice of the shareholders' meeting within 2 days after receipt of the proposals and announce the contents of the provisional proposals and submit the provisional proposals to the shareholders' meeting for consideration, unless the proposal violates the provisions of the laws, administrative regulations, the Hong Kong Listing Rules and other regulating rules of the place where the shares of the Company are [REDACTED] or the Articles of Association or does not fall within the scope of the functions and powers of the shareholders' meeting.

Except as provided in the preceding paragraph, the convenor, after issuing the notice of the shareholders' meeting, shall neither modify the proposals stated in the notice of shareholders' meetings nor add new proposals.

Proposals that are not listed in the notice of the shareholders' meeting or that do not comply with the provisions of these Articles of Association shall not be put to a vote or resolved at the shareholders' meeting.

The convener shall notify each shareholder (including announcement) in writing at least 21 days before the annual shareholders' meeting, and will notify each shareholder (including announcement) in writing at least 15 days before the extraordinary shareholders' meeting.

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When calculating the starting date, the date of the meeting shall be excluded but including the day on which the notice is issued. Where relevant laws, administrative regulations, the Hong Kong Listing Rules, or the securities regulatory authority of the place where the Company's shares are [REDACTED] provide otherwise, such provisions shall prevail.

The written notice of the shareholders' meeting shall include the following:

- i. the time, venue and duration of the meeting;
- ii. the matters and proposals to be considered at the meeting;
- iii. contain a prominent statement that all shareholders whose names appear on the register of members as at the record date shall be entitled to attend and appoint in writing a proxy to attend and vote on his/her behalf and that proxy need not to be a shareholder;
- iv. specify the shareholding registration date on which the shareholders are eligible to attend the shareholders' meeting;
- v. list the name and the phone number of the permanent contact person of the meeting;
- vi. issue voting time and voting procedures through network or by any other means.

The notice and supplementary notice for the shareholders' meeting shall include the contents required by the securities regulatory rules applicable in the jurisdiction where the Company's shares are [REDACTED] and these Articles of Association, and shall fully and completely disclose all detailed content of each proposal. If any matter to be discussed requires an independent non-executive director to express their opinion, the notice or supplementary notice for the shareholders' meeting shall concurrently disclose the independent non-executive director's opinions and the reasons thereof.

If the shareholders' meeting is conducted online or by other means, the notice of the shareholders' meeting shall explicitly specify the voting time and procedures for the online or other voting method.

The shareholders' meeting shall not be postponed or canceled and the proposals listed in the notice of shareholders' meetings shall not be canceled without justifiable causes after the notice of shareholders' meeting was sent out. In the case of any circumstance for postponement or cancellation of the meeting, the convener shall make an announcement and explain the reasons at least two working days before the original convening day.

The convention of shareholders' meeting

All shareholders in the register as at the shareholding registration date or their proxies shall have the right to attend a shareholders' meeting and exercise voting rights pursuant to relevant laws, administrative regulations, Hong Kong Listing Rules and other securities regulatory rules of the place where shares of the Company are [REDACTED] and the Articles of Association (except where individual shareholders are required by the securities regulatory rules of the place where shares of the Company are [REDACTED] to waive their voting rights on certain matters).

According to applicable laws, regulations, and the Hong Kong Listing Rules, if any shareholder is required to waive their voting rights regarding a resolution, or if any shareholder is restricted to voting solely in favor of (or against) a resolution, then any votes cast by such shareholder or their representative in violation of such provisions or restrictions shall not be counted.

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Shareholders may attend the shareholders' meeting in person or may appoint a proxy to attend and vote on their behalf. Each shareholder is entitled to appoint one proxy, and such proxy need not be a shareholder of the Company. The proxy, in accordance with the shareholder's instructions, may exercise the following rights:

- i. The right of the shareholder to speak at the shareholders' meeting;
- ii. The right to demand that a vote be taken, either individually or jointly with others;
- iii. Except as otherwise provided by relevant laws, administrative regulations, the listing rules of the securities exchange where the Company's shares are [REDACTED], or other securities laws and regulations, the right to exercise voting rights by a show of hands or by voting.

Individual shareholders attending the meeting in person shall present their identity cards or other valid identification documents/proofs certifying their identity. Representatives attending on behalf of shareholders shall present their valid identification documents along with a duly executed proxy form issued by the shareholder. Corporate shareholders or institutional shareholders shall be represented by their legal representative/executive managing partner or a proxy authorized by such legal representative/executive managing partner. Where the legal representative/executive managing partner attends the meeting, he/she shall present both his/her identity card and valid proof of his/her qualification as the legal representative/executive managing partner. Where a proxy is appointed, such proxy shall present his/her identity card together with a written proxy form duly executed in accordance with the law by the legal representative/executive managing partner of the corporate/institutional shareholder.

If the shareholder is a recognized clearing house or any of its agents as defined by relevant regulations in the laws of Hong Kong effective from time to time, the shareholder may authorize one or more persons as it thinks fit to act on its representative at any shareholders' meeting; however, where more than one person are authorized, the power of attorney shall contain the involved number and category of shares for which such persons are authorized, and could be signed by an authorized officer of the recognized clearing house. The person thus authorized may represent the recognized clearing house (or its proxy) in exercising its powers at any meeting (without being required to present share certificate, certified power of attorney and/or further evidence of due authorization), as if the persons individual shareholders of the Company.

The power of attorney issued by a shareholder to entrust a proxy to attend the shareholders' meeting shall include the following contents:

- i. name of the appointing shareholder, class and quantity of company shares held;
- ii. name of the proxy;
- iii. matters to be represented and scope of authorization, including the shareholder's specific voting instructions on voting for, against or abstention of voting for each agenda item of the shareholders' meeting, and explicit directions regarding voting rights on provisional proposals that may be included into the agenda of the shareholders' meeting (if voting rights apply, specific instructions on the exercise of such rights);
- iv. the issuance date and expiry date of the power of attorney;
- v. the signature (or seal) of the entrusting party. Where the entrusting party is a shareholder who is not a natural person, the seal of the entity of the entrusting party shall be affixed or signed by authorized party.

The proxy form shall expressly state whether the proxy may exercise discretionary voting rights in the absence of specific shareholder instructions. The proxy need not be a company shareholder.

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Directors and senior management must attend the meeting upon the shareholders' request and respond to shareholder inquiries.

The shareholders' meeting shall be presided over by the chairman of the Board. If the chairman of the Board is incapable of performing or not performing his/her duties, a director jointly nominated by more than half of directors shall preside over the meeting.

Shareholders' meetings convened by shareholders themselves shall be presided over by the convener or representatives nominated by the convener.

When the shareholders' meeting is convened, if the presider of the meeting violates the rules of procedure and makes it impossible for the shareholders' meeting to continue, with the consent of a majority of the shareholders with voting rights present at the shareholders' meeting, The shareholders' meeting may elect one person to serve as the presider to continue the meeting.

Minutes of shareholders' meetings shall be kept and the secretary of the Board shall be responsible for them.

The minutes shall contain the following information:

- i. the time, place, agenda and name of the convener of the meeting;
- ii. the names of the presider of the meeting and the directors, senior management who attending or present at the meeting;
- iii. the number of shareholders and proxies present at the meeting, the total number of voting shares held and the percentage to the total number of shares of the Company;
- iv. the deliberation progress, main points of speeches and voting results of each proposal;
- v. the shareholders' inquiries or suggestions and the corresponding replies or explanations;
- vi. names of the vote counters, poll watchers and lawyers;
- vii. any other matters required by the provisions of the Articles of Association to be recorded in the minutes.

The convener shall ensure that the shareholders' meeting does not end until final resolutions have been concluded. In the event that the shareholders' meeting is adjourned or resolutions cannot be reached due to force majeure or other special circumstances, necessary measures shall be taken to reconvene the meeting as soon as possible or conclude the meeting directly, and the announcement shall be timely made in accordance with laws, administrative regulations or securities regulatory rules of the place where the Company's shares are [REDACTED].

Votings and resolutions at the shareholders' meeting

Resolutions of the shareholders' meeting include ordinary resolutions and special resolutions.

Ordinary resolutions at a shareholders' meeting shall be approved by more than half of the voting rights held by the shareholders (including proxies thereof) attending the shareholders' meeting (excluding treasury shares).

Special resolutions at a shareholders' meeting shall be approved by at least two-thirds of voting rights held by the shareholders (including proxies thereof) attending the shareholders' meeting (excluding treasury shares).

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The following matters shall be approved by ordinary resolutions at the shareholders' meeting:

- i. work report of the Board of Directors;
- ii. plans of earnings distribution and loss make-up schemes formulated by the Board of Directors;
- iii. appointment and dismissal of members of the Board of Directors, and their remunerations and the method of payment thereof;
- iv. engagement, dismissal or non-renewal of auditing firms and their remuneration;
- v. annual report of the Company;
- vi. matters other than those required to be adopted by a special resolution by the laws, administrative regulations, the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are [REDACTED], or the provisions of the Articles of Association.

The following matters shall be approved by special resolutions at the shareholders' meeting:

- i. the increase or reduction of the registered capital of the Company;
- ii. division, spin-off, merger, dissolution and liquidation of the Company (including voluntary winding-up);
- iii. amendment to the Articles of Association;
- iv. the amount of purchase, disposal of material assets or providing guarantee in one year exceeding 30% of the latest audited total assets of the Company;
- v. any variation of the rights attached to a class of shares shall be approved by way of a special resolution passed by shareholders holding shares of that class to which the relevant rights are attached;
- vi. equity incentive plan;
- vii. other matters as required by the laws, administrative regulations, the Hong Kong Listing Rules and other regulatory rules of the place where the Company's shares are [REDACTED] or the Articles of Association, or confirmed by an ordinary resolution at a shareholders' meeting that it may have a material impact on the Company and shall be passed by special resolutions.

When the shareholders' meeting reviews matters involving related-party transactions, related shareholders may make appropriate statements regarding such transactions but shall not participate in the voting. The shares they represent with voting rights shall not be counted in the total number of valid votes.

After the related shareholders recuse themselves, the remaining shareholders shall vote according to the voting rights they hold, and the corresponding resolution shall be passed in accordance with these Articles of Association. The procedures for recusal and voting by related shareholders shall be announced by the presider of the shareholders' meeting and recorded in the minutes.

In addition to the situation that the Company is in crisis or other special circumstances, the Company shall not enter into contracts with a person (other than a Director, the general manager and other senior management members) in relation to the handover of the administration of all business or the important business of the Company to that person without the approval of the shareholders' meeting by special resolution.

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DIRECTORS AND BOARD OF DIRECTORS

Directors

Directors of the Company shall be natural persons. The following persons shall not serve as a director of a company:

- i. a person without civil capacity or with limited civil capacity;
- ii. a person who has been sentenced to criminal punishment for corruption, bribery, embezzlement, misappropriation of property or disruption of the order of the market economy, where less than five years have elapsed since the sentence was served, or who has been deprived of his/her political rights due to criminal offense, where less than five years have elapsed since the sentence was served, or where less than two years have elapsed since the date of expiration of the probationary period if such person is sentenced to probation;
- iii. a person who has served as a director, factory manager or manager of a company or an enterprise that was bankrupted and liquidated whereby such person assumed personal liability for the bankruptcy of the Company or enterprise, where less than 3 years have elapsed since the date of completion of the bankruptcy liquidation of such company or enterprise;
- iv. a person who was the legal representative of a company or an enterprise whose business license was revoked or which was ordered to be closed down due to its violation of law, and who was personally accountable, where less than 3 years have elapsed since such revocation of business license or closure by order of such company or enterprise;
- v. a person who is listed as a dishonest person subject to enforcement by the people's court due to his/her failure to pay off a relatively large amount of due debts;
- vi. a person who has been banned by the CSRC from the securities market and the ban period has not expired;
- vii. other contents stipulated by laws, administrative regulations or departmental rules, the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's Shares are [REDACTED].

Where any director is elected or appointed in violation of the provisions in this Article, such election, appointment or employment shall be invalid. Where a director falls under the circumstances above during his/her term of office, the Company shall terminate his/her appointment.

Directors shall comply with laws, administrative regulations and the Articles of Association and shall owe fiduciary duties to the Company, and shall take measures to avoid any conflict between their personal interests and the Company's interests, and shall not use their authority to secure improper gains.

Directors undertake the following fiduciary obligations towards the Company:

- i. not to expropriate the Company's property and misappropriate the funds of the Company;
- ii. not to deposit the funds of the Company into an account opened in his/her own name or the name of another individual;
- iii. shall not abuse their authority to engage in bribery or to receive any other illegal income;

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- iv. shall not directly or indirectly enter into contracts or engage in transactions with the Company without reporting to the Board of Directors or the shareholders' meeting and obtaining approval through a resolution of the Board of Directors or the shareholders' meeting in accordance with these Articles of Association;
- v. shall not use the convenience of one's position to obtain business opportunities that rightfully belong to the Company for oneself or for others, except where such business opportunity has been reported to the Board of Directors or the shareholders' meeting and approved by the shareholders' meeting, or where, in accordance with applicable laws, administrative regulations, or these Articles of Association, the Company is precluded from taking advantage of such business opportunity;
- vi. shall not operate or conduct a business similar to that of the Company either on one's own behalf or for others, without reporting to the Board of Directors or the shareholders' meeting and obtaining approval through a resolution of the shareholders' meeting;
- vii. not to accept commissions in connection with the Company's transactions as his/her own;
- viii. not to disclose the secrets of the Company without authorization;
- ix. not to harm the interests of our Company through the use of his/her connected (related) relationship;
- x. other fiduciary obligations stipulated by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's Shares are [REDACTED] and the Articles of Association.

Income derived by a director from violation of the provisions of this Article shall belong to the Company; where the Company suffers losses thereto, the director shall be liable for compensation.

Directors shall comply with laws, administrative regulations, and the Articles of Association and shall diligently perform their obligations to the Company. In performing their obligations, they shall exercise the reasonable care that a typical manager is expected to exercise in acting in the best interests of the Company.

Directors shall undertake the following diligent obligations towards the Company:

- i. exercising the rights conferred by the Company prudently, seriously and diligently to ensure that the commercial activities of the Company comply with laws and administrative regulations of the State and the requirements of various economic policies of the State and the commercial activities shall not exceed the scope of business stipulated in the business license;
- ii. treating all shareholders equally;
- iii. timely understanding the business operations and management of the Company;
- iv. signing written confirmation for the Company's regular reports, to ensure that the information disclosed by the Company is true, accurate and complete;
- v. providing the relevant information and materials to the Audit Committee truthfully and not hindering the exercise of functions and powers by the Audit Committee;
- vi. other diligent obligations stipulated by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's Shares are [REDACTED] and the Articles of Association.

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The Board of Directors

The Company shall set up a Board of Directors which shall be accountable to the shareholders' meetings.

The Board of Directors shall consist of nine directors, including three independent non-executive directors, and shall have one chairman. At all times, more than one-third of the board's members must be independent non-executive directors, with the total number of independent non-executive directors not falling below three. Among these, at least one independent non-executive director must possess the appropriate professional qualifications that meet regulatory requirements or have the required accounting or related financial management expertise as stipulated by the relevant regulatory requirements.

The Board of Directors shall exercise the following functions and powers:

- i. convening shareholders' meetings and reporting its work report at the shareholders' meeting;
- ii. to implement the resolutions of the shareholders' meeting;
- iii. to determine the operation plans, investment plans of our Company, and if the Company shall enter non-core business areas or change its existing core business;
- iv. to formulate the earnings distribution and loss offset plans of our Company;
- v. to formulate plans of the Company regarding the increase or reduction of the registered capital, issuance of bonds or other securities and [REDACTED];
- vi. to draft proposals for the Company's major acquisition, purchase of the Company's shares or merger, division, dissolving and change in corporate form of the Company;
- vii. to decide on, within the scope of authorizations granted by the shareholders' meeting, the Company's external investments, acquisition and sale of assets, mortgage of assets, external guarantees, entrusted wealth management, connected party transactions, external donations, etc.;
- viii. to decide on the setup of our Company's internal management organization;
- ix. to decide on the appointment or dismissal of the general manager of the Company and the secretary to the Board of Directors; to decide on the appointment or dismissal of deputy general manager and senior management personnel including person-in-charge of finance of the Company based on the nominations of the general manager, and decide on their emoluments, rewards and penalties;
- x. to formulate the basic management systems of our Company;
- xi. to formulate proposals for any amendment to these Articles;
- xii. to manage the disclosure matters of Company's information;
- xiii. to propose to the shareholders' meeting on the appointment or replacement of an accounting firm that provides audit services to the Company;
- xiv. to listen to the work report of the general manager of the Company and inspect the work of the general manager;
- xv. other functions and powers which are granted by the laws, administrative regulations, departmental regulations, Hong Kong Listing Rules and other securities regulatory rules of the place where the shares of our Company are [REDACTED] and these Articles.

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Matters that exceed the scope of authority delegated by the shareholders’ meeting shall be submitted to the shareholders’ meeting for review.

The Board of Directors shall formulate its own meeting rules to ensure that the Board of Directors would implement the shareholders’ meeting resolutions, improve working efficiency, and ensure sound decision-making.

These board meeting rules, which establish the procedures for convening and voting at board meetings, shall be attached to these Articles of Association, drafted by the board, and approved by the shareholders’ meeting.

To ensure the effective performance of its duties, the Board of Directors shall establish three specialized committees — the Audit Committee, the Nomination Committee, and the Remuneration and Assessment Committee. The members of these specialized committees shall consist entirely of directors, and their composition must comply with the relevant requirements stipulated by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, and other securities regulatory rules in the jurisdiction where the Company’s shares are [REDACTED] or as prescribed by the relevant regulatory authorities. The board shall be responsible for formulating the working rules for these specialized committees to regulate their operations.

These specialized committees may engage intermediary institutions to provide professional advice, with the related expenses to be borne by the Company.

Each specialized committee is accountable to the Board of Directors, and the proposals of each specialized committee shall be submitted to the board for review and decision.

GENERAL MANAGER AND OTHER SENIOR MANAGEMENT PERSONNEL

The Company shall have one general manager appointed or dismissed by the Board of Directors.

In accordance with companies’ operational and management needs, the Company shall have several deputy general managers appointed or dismissed by the Board of Directors. The Company’s general manager, deputy manager, person-in-charge of finance and the secretary of the Board of Directors shall be the Company’s senior management personnel.

The general manager shall be accountable to the Board and exercise the following functions and powers:

- i. to preside over the production and operation management of the Company, organise and implement the resolutions of the Board of Directors, and report to the Board of Directors;
- ii. to organise for the implementation of the Company’s annual business plans and investment plans;
- iii. to formulate the structure scheme of the internal management agency of our Company;
- iv. to formulate the fundamental management system of the Company;
- v. to formulate the specific rules of our Company;
- vi. to propose to the Board of Directors appointment or dismissal of deputy general manager and person-in-charge of finance of the Company;
- vii. to decide on the appointment or dismissal of responsible management personnel other than those whose appointment or dismissal shall be decided by the Board of Directors;

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- viii. to consider and approve transactions other than those to be considered and approved by the shareholders' meeting and the Board of Directors as provided for in the laws and regulations and the Articles of Association;
- ix. other functions and powers conferred by these Articles or the Board.

The general managers shall attend meetings of the Board of Directors.

The Company will be liable for any damage caused to others by senior management personnel in the performance of their duties for the Company; senior management personnel shall also be liable for compensation if they are intentional or grossly negligent.

If a senior management personnel in carrying out his/her duties in the Company infringes any law, administrative regulation, departmental regulations or the requirements of these Articles, which results in damage to the Company, he or she shall be liable for compensation.

The Company's senior management personnel shall faithfully perform their duties and safeguard the best interests of the Company and all shareholders.

If a Company's senior management personnel causes damage to the interests of the Company and shareholders due to failure to faithfully perform his/her duties or breach of his/her obligation of good faith, he or she shall bear liability for compensation in accordance with the law.

AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

The Company shall not establish a supervisory board or have any supervisors. The Company has established an Audit Committee under the Board of Directors, which shall exercise all the functions and powers of the supervisory board as stipulated under the PRC Company Law.

The Audit Committee shall comprise three members, all of whom shall be directors not holding senior management positions in the Company. Independent non-executive directors shall constitute more than one-half of the members, and at least one independent non-executive director shall be an accounting professional.

The term of office of the Audit Committee shall be the same as that of the Board. Upon expiry of their terms, members may be re-elected and re-appointed.

The Audit Committee shall have one convenor (chairman), who shall be an independent non-executive director and shall be responsible for presiding over the work of the committee.

The Audit Committee shall be responsible for reviewing the Company's financial information and its disclosure, and overseeing and evaluating internal and external audit work as well as internal control. The following matters shall be submitted to the Board for consideration after being approved by a majority of all members of the Audit Committee:

- i. financial information in financial accounting reports and periodic reports to be disclosed, and internal control evaluation reports;
- ii. the appointment or removal of the accounting firm undertaking the Company's audit;
- iii. the appointment or removal of the person in charge of finance of the Company;
- iv. changes in accounting policies or accounting estimates, or correction of material accounting errors, other than those resulting from changes in accounting standards;
- v. other matters as prescribed by laws, administrative regulations and these Articles of Association.

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The Audit Committee shall convene at least one regular meeting each year, which shall be convened and presided over by the chairman of the Audit Committee. Resolutions of the Audit Committee shall be passed by a majority vote of all members.

Voting on resolutions of the Audit Committee shall be conducted on a one-person-one-vote basis.

The Audit Committee shall keep minutes of its meetings, and members present at the meeting shall sign the minutes.

The Audit Committee shall faithfully perform its supervisory duties in accordance with laws, administrative regulations and these Articles of Association.

All expenses necessary for the Audit Committee to perform its duties shall be borne by the Company.

FINANCIAL ACCOUNTING SYSTEM, PROFIT DISTRIBUTION, INTERNAL AUDIT AND APPOINTMENT OF ACCOUNTING FIRMS

Financial Accounting System

The Company shall formulate its financial accounting system in accordance with laws, administrative regulations and the requirements of relevant state departments. If the securities regulatory authority in the jurisdiction where the Company's shares are [REDACTED] has other provisions, those provisions shall prevail.

The Company shall prepare its annual financial accounting reports within four months from the end of each accounting year, and its interim financial accounting reports within two months from the end of the first six months of each accounting year.

The aforementioned financial accounting reports shall be compiled and announced in accordance with the relevant laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, and other securities regulatory rules of the place where the Company's shares are [REDACTED].

Except for statutory accounts books, the Company shall not establish additional accounts books. The Company's assets shall not be deposited in any account opened in the name of any individual.

Profit Distribution

When the Company distributes current year's profit after tax, the Company shall allocate 10% of the profits as the statutory reserve fund of the Company. Such allocations may be stopped when the statutory reserve fund of the Company has accumulated to above 50% of the registered capital of the Company.

When the Company's statutory common reserve is not sufficient to make up for the losses of the previous years, current year profits shall be used to make up for the losses before allocating the statutory common reserve in accordance with the provisions of the preceding paragraph.

The Company may withdraw discretionary reserve fund from the after-tax profits pursuant to the resolution of the shareholders' meeting after having withdrawn the statutory reserve fund from the after-tax profits.

After the Company has made up for its losses and made allocations to its common reserve, the remaining after-tax profits could be available for distribution in proportion to the number of shares held by the shareholders, unless it is not permitted in these Articles of Association to distribute profits according to the proportion of shares held by shareholders.

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Where the shareholders’ meeting distributes profits to shareholders in violation of the Company Law, the shareholders shall return the profits distributed in violation of the provisions to the Company; if any loss is caused to the Company, the shareholders and responsible directors and senior management shall be liable for compensation.

The shares of the Company held by the Company are not entitled to profit distribution.

The reserve fund of the Company shall be applied to make up for the Company’s losses, expand its production and operation, or be converted to increase its registered capital. The discretionary reserve fund and statutory reserve fund shall be used first to cover the Company’s losses; if the losses cannot be covered, the capital reserve fund can be used in accordance with the regulations.

Upon the transfer of the statutory reserve fund into additional registered capital, the balance of the fund shall not be less than 25% of the registered capital of the Company before such transfer.

Upon passing of a resolution on the profit distribution plan by the shareholders’ meeting, the Board of Directors of the Company shall complete the distribution of dividends (or shares) within 2 months after the convening of the shareholders’ meeting.

The Company’s profit distribution focuses on providing shareholders with reasonable investment returns, and its profit distribution policy remains continuous and stable.

Provided that the conditions for cash dividends are met, and the Company’s normal operations and long-term development are ensured, the Company shall, in principle, conduct a cash dividend once each year after the annual shareholders’ meeting is held. The Board of Directors of the Company may, based on the Company’s profitability and funding requirements, propose a mid-year cash dividend.

When the Company distributes dividends to its shareholders, it shall, in accordance with Chinese tax law, withhold and remit the applicable tax on shareholders’ dividend income based on the distributed amount.

Internal Audit

The Company implements an internal audit system that clearly defines the leadership structure, responsibilities, powers, staffing, funding assurances, utilization of audit results, and accountability mechanisms for internal audit work.

The internal audit system shall be implemented upon its approval by the Board of Directors and disclosed externally.

The internal audit institution is accountable to the Board of Directors.

Appointment of Accounting Firm

The Company shall engage an accounting firm compliant with the provisions of the Securities Law, the Hong Kong Listing Rules and other securities regulatory rules of the place where the shares of the Company are [REDACTED] for auditing its accounting statements, conducting verification of net asset value and providing other relevant consulting services. The term of engagement shall be one year, from the time the Company’s Annual Shareholders’ Meeting approves until the conclusion of the following Annual Shareholders’ Meeting which can be renewed if re-engaged.

The appointment and dismissal of the accounting firm shall, after receiving the consent of more than half of the members of the Audit Committee, be submitted to the Board of Directors for review and must be determined by the shareholders’ meeting. The Board of Directors shall not appoint an accounting firm before the shareholders’ meeting has made its decision.

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The Company shall ensure that the appointed accounting firm is provided with genuine and complete accounting vouchers, accounting books, financial accounting reports, and other accounting materials, and shall not refuse, conceal, or misrepresent any information.

The audit fees charged by the accounting firm shall be determined by the shareholders' meeting.

In the event that the Company dismisses or opts not to renew the appointment of the accounting firm, the Company shall notify the accounting firm ten days in advance. In addition, the circular recommending the dismissal or non-renewal of the accounting firm, together with any written statement from the accounting firm (if any), must be mailed to shareholders at least ten business days prior to the shareholders' meeting. When the shareholders' meeting votes on the dismissal of the accounting firm, the accounting firm shall be permitted to present its views.

If an accounting firm resigns from its position, it shall make representations at a shareholders' meeting whether there has been any impropriety on the part of the Company.

NOTICES AND ANNOUNCEMENTS

The notices of the Company shall be delivered by the following means:

- i. by personal delivery;
- ii. by post;
- iii. by way of an announcement;
- iv. by fax transmission;
- v. by E-mail;
- vi. by phone;
- vii. shall be conducted by publishing on the designated websites of the Company and the Hong Kong Stock Exchange provided that it complies with laws, administrative regulations, and the securities regulatory rules of the jurisdiction where the Company's shares are [REDACTED];
- viii. other forms as recognized by the securities regulatory authority in the jurisdiction where the Company's shares are [REDACTED], or as stipulated in these Articles of Association.

MERGER, DIVISION, INCREASE AND DECREASE OF CAPITAL, DISSOLUTION AND LIQUIDATION

Merger, division, increase and decrease of capital

Merger of the Company may take the form of absorption or establishment of a new company.

Where the consideration to be paid by the Company for the merger does not exceed ten percent of the net assets of the Company, it may not be subject to resolution of the shareholders' meeting, unless otherwise provided by these Articles of Association. If the Company conducts a merger in accordance with the preceding provisions without a shareholders' meeting resolution, it shall be resolved by the board of directors.

Upon the merger, the parties to the merger shall enter into a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten days from the date of the merger resolution and shall publish an announcement on the newspaper(s) or National Enterprise

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Credit Information Publicity System within thirty days from the date of such resolution. The creditors may, within thirty days as of the receipt of the notice or within forty-five days as of the date of the announcement if it fails to receive a notice, require the Company to clear off its debts or to provide corresponding guarantees.

Upon the merger, the credits and debts of the parties involved shall be succeeded by the Company that survives the merger or by the newly established company.

If the Company is divided, its properties shall be divided accordingly.

In the event of a division, the Company shall prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten days from the date of the division resolution and shall publish an announcement on the newspaper(s) or National Enterprise Credit Information Publicity System within thirty days thereafter.

Debts incurred by the Company before its division shall be jointly assumed by the companies after the division, unless it is otherwise prescribed by the Company and the creditors before the division with regard to the clearance of debts in written agreement.

Where the Company needs to reduce its registered capital, a balance sheet and an inventory of assets must be prepared.

The Company shall notify its creditors within ten days from the date of the resolution on the reduction of its registered capital and shall publish an announcement on the information disclosure newspaper designated by the Company within thirty days thereafter. The creditors are entitled to, within thirty days as of the receipt of the notice or within forty-five days as of the date of the announcement if it fails to receive a notice, require the Company to clear off its debts or to provide corresponding guarantees.

For a reduction of registered capital carried out pursuant to Article 225 of the Company Law, the provisions of the previous paragraph shall not apply; however, the Company shall publish an announcement in the information disclosure newspaper designated by the Company within 30 days from the date the shareholders' meeting resolves to reduce the registered capital.

The Company's reduction of registered capital shall be effectuated by reducing the amount of contributions or the shares in proportion to the shareholders' shareholdings, except as otherwise provided by law or these Articles of Association.

After reducing its registered capital in accordance with the preceding paragraph, the Company shall not distribute profits until the cumulative amount of the statutory reserves and discretionary reserves reaches 50% of the Company's registered capital.

If the registered capital is reduced in violation of the Company Law and other relevant provisions, the shareholders shall return the funds they have received, and if the capital contribution of the shareholders is reduced or waived, it shall be restored to its original state; if losses are caused to the Company, the shareholders and the directors and senior management who are held liable shall be held liable to compensate for the losses.

Where the Company issues new shares for the purpose of increasing its registered capital, the shareholders shall not have any pre-emptive rights to subscribe for such new shares, unless otherwise provided in these Articles of Association or as resolved by the general meeting.

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Where the merger or division of the Company involves changes in its registered particulars, such changes shall be filed with company registration authorities pursuant to the law. Where the Company is dissolved, the Company shall apply for cancellation of its registration in accordance with the laws. Where a new company is established, the Company shall apply for registration of incorporation in accordance with the laws.

If the Company increase or reduce its registered capital, the Company shall complete change registration formalities with the company registration authority in accordance with the laws.

Dissolution and liquidation

The Company dissolves for the following reasons:

- i. the events of dissolution specified in these Articles have occurred;
- ii. the shareholders' meeting resolves to dissolve the Company;
- iii. the Company is dissolved by reason of its merger or division;
- iv. the Company is subject to the revocation of business license, a closure order or elimination in accordance with laws;
- v. the Company's business management encounters serious difficulties such that its continued existence would result in significant harm to the interests of shareholders, and the issues cannot be resolved through other means, any shareholder holding more than 10% of all the voting rights may request that the People's Court dissolve the Company.

In the event of occurrence of any cause leading to the dissolution of the Company as stipulated in the preceding paragraph, such dissolution cause shall be published on the National Enterprise Credit Information Publicity System within ten days upon its occurrence.

Under the circumstances described in above items i and ii of these Articles, if no property has been distributed to its shareholders, the Company may continue to exist by amending these Articles or with approval of the shareholders' meeting.

The amendments to these Articles in accordance with the provisions described above shall require the approval of at least two-thirds of the voting rights of shareholders attending a shareholders' meeting.

If the Company is dissolved pursuant to the above items i, ii, iv or v of these Articles, it shall establish a liquidation committee within fifteen days after the dissolution circumstance arises to commence liquidation.

Members of the liquidation committee shall be composed of the directors or persons as determined by the shareholders' meeting.

If no liquidation committee is established after the said timeframe to commence liquidation, or if the liquidation committee fails to carry out liquidation after the establishment, the interested party may apply to the people's court for the appointment of relevant persons to establish a liquidation committee to commence liquidation.

During liquidation, the liquidation committee shall exercise the following functions and powers:

- i. to clean up the properties of the Company and prepare a balance sheet and an inventory of properties separately;
- ii. to notify creditors by sending notice or by making an announcement;

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- iii. to deal with the outstanding liquidation-related business of the Company;
- iv. to pay any tax overdue as well as tax amounts arising from the process of liquidation;
- v. to settle claims and debts;
- vi. to handle the surplus properties of the Company after its debts have been paid off;
- vii. to represent the Company in civil lawsuits.

The liquidation committee shall notify the creditors within ten days from the date of its establishment and shall publish an announcement on the newspaper(s) or National Enterprise Credit Information Publicity System within sixty days. The creditors shall declare their creditor's rights to the liquidation committee within thirty days as of the receipt of the notice or within forty-five days as of the date of the announcement if it fails to receive a notice.

Creditors declaring creditor's rights shall state the relevant information of the creditor's rights and provide evidentiary materials. The liquidation committee shall register the creditor's rights.

During the period for filing claims, the liquidation committee shall not make any payments to creditors.

Upon liquidation of the Company's property and preparation of the balance sheet and inventory of properties, if the liquidation committee becomes aware that the Company does not have sufficient properties to meet its liabilities, it shall apply to a people's court for a declaration of bankruptcy in accordance with the laws. Upon acceptance from the People's Court on the bankruptcy petition, the liquidation committee shall transfer all liquidation affairs to the bankruptcy administrator designated by the People's Court.

Liquidation of the Company declared bankrupt according to laws shall be processed in accordance with the laws on corporate bankruptcy.

AMENDMENTS TO THESE ARTICLES

Under any of the following circumstances, the Company shall amend these Articles:

- i. upon revision of the Company Law or the relevant laws, administrative regulations, Hong Kong Listing Rules and other securities regulatory rules of the place where the shares of the Company are [REDACTED], the provisions in these Articles contradict the stipulations of the revised laws, and administrative regulations;
- ii. the Company's situation has changed and is inconsistent with the items recorded in these Articles;
- iii. the shareholders' meeting decides to amend these Articles.

Where any amendment to these Articles resolved by the shareholders' meeting is subject to review and approval of competent authorities, the amendment shall be submitted to the competent authorities for approval; where company registration matters are involved, change registration formalities shall be filed pursuant to the law.

The Board of Directors shall amend these Articles in accordance with the resolution of the shareholders' meeting on the amendments to these Articles and the approval opinions of relevant competent authorities.

The amendment to these Articles constitutes the information required to be disclosed by the laws and regulations and shall be announced in accordance with regulations.

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STATUTORY AND GENERAL INFORMATION

A. FURTHER INFORMATION ABOUT OUR COMPANY

1. Establishment of Our Company

Our Company was incorporated as a limited liability company under the laws of the PRC on January 19, 2018, and was converted into a joint stock company with limited liability on February 5, 2026. Our registered address is at Room 1101, Building 2, Lane 288, Qianfan Road, Xinqiao Town, Songjiang District, Shanghai, China, and our principal place of business is at Building 11, Lane 456, Taihong Road, Minhang District, Shanghai, China.

We have established a place of business in Hong Kong at 46/F, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong and was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on [●]. Ms. Chan Ching Nga (陳靜雅), our joint company secretary, is the authorized representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong under Part 16 of the Companies Ordinance. 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 Appendices IV and V to this document.

2. Changes in the Share Capital of Our Company

Save as disclosed in “History, Development and Corporate Structure” in this document, there has been no alteration in the share capital of our Company within two years immediately preceding the date of this document.

3. Changes in the Share Capital of our Subsidiaries

A summary of the corporate information and the particulars of our principal subsidiaries are set out in the Accountants’ Report, the text of which is set out in Appendix I. The following alterations in the share capital of our subsidiaries have taken place within the two years immediately preceding the date of this document:

- (a) on May 6, 2024, Yixing Xizhong New Energy Co., Ltd. (宜興錫中新能源有限公司) was established in the PRC with registered capital of RMB5,000,000;
- (b) on May 7, 2024, Chenzhou Xiangtan New Energy Co., Ltd. (郴州湘曇新能源有限公司) was established in the PRC with registered capital of RMB5,000,000;
- (c) on May 10, 2024, Jiangyin Jiangzhi New Energy Co., Ltd. (江陰江織新能源有限公司) was established in the PRC with registered capital of RMB1,700,000;
- (d) on June 3, 2024, Lianyungang Gangmei New Energy Technology Co., Ltd. (連雲港港美新能源科技有限公司) was established in the PRC with registered capital of RMB2,000,000;
- (e) on July 9, 2024, Jiaxing Xiuzhou District Makesense Electric Power Technology Co., Ltd. (嘉興市秀洲區玖克生電力科技有限公司) was established in the PRC with registered capital of RMB7,200,000;
- (f) on August 1, 2024, Nanjing Ningsu New Energy Co., Ltd. (南京寧速新能源有限公司) was established in the PRC with registered capital of RMB5,000,000;
- (g) on August 7, 2024, Ma’anshan Wandian New Energy Technology Co., Ltd. (馬鞍山皖電新能源科技有限公司) was established in the PRC with registered capital of RMB8,900,000;

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- (h) on August 12, 2024, Jinan Shanqing Meineng New Energy Investment Co., Ltd. (濟南山青美能新能源投資有限公司) was established in the PRC with registered capital of RMB20,000,000;
- (i) on August 21, 2024, Zhangjiagang Jinghong Energy Technology Co., Ltd. (張家港晶虹能源科技有限公司) was established in the PRC with registered capital of RMB1,000,000;
- (j) on August 21, 2024, Zhejiang Shendian Makesense New Energy Co., Ltd. (浙江神電美克生新能源有限公司) was established in the PRC with registered capital of RMB10,000,000;
- (k) on September 24, 2024, Nantong Fenghai New Energy Co., Ltd. (南通楓海新能源有限公司) was established in the PRC with registered capital of RMB2,400,000;
- (l) on October 16, 2024, Nanjing Limiao Energy Technology Co., Ltd. (南京溧淼能源科技有限公司) was established in the PRC with registered capital of RMB800,000;
- (m) on October 30, 2024, Hangzhou Meiyu Energy Technology Co., Ltd. (杭州美余能源科技有限公司) was established in the PRC with registered capital of RMB100,000,000;
- (n) on November 12, 2024, Wuxi Qinghui New Energy Co., Ltd. (無錫青輝新能源有限公司) was established in the PRC with registered capital of RMB1,000,000;
- (o) on November 14, 2024, Hangzhou Lumei Energy Technology Co., Ltd. (杭州廬美能源科技有限公司) was established in the PRC with registered capital of RMB2,400,000;
- (p) on November 18, 2024, Yancheng Xiecheng New Energy Technology Co., Ltd. (鹽城協城新能源科技有限公司) was established in the PRC with registered capital of RMB1,200,000;
- (q) on November 21, 2024, Beijing Makesense was established in the PRC with registered capital of RMB30,000,000;
- (r) on November 26, 2024, Changzhou Zhuoguan New Energy Technology Co., Ltd. (常州卓冠新能源科技有限公司) was established in the PRC with registered capital of RMB2,000,000;
- (s) on December 12, 2024, Changzhou Tongchu No.1 Energy Storage Technology Co., Ltd. (常州通儲一號儲能科技有限公司) was established in the PRC with registered capital of RMB1,000,000;
- (t) on January 23, 2025, Sichuan Makesense Energy Technology Co., Ltd. (四川美克生能源科技有限公司) was established in the PRC with registered capital of RMB1,000,000;
- (u) on April 14, 2025, Suqian Shiya New Energy Co., Ltd. (宿遷世雅新能源有限公司) was established in the PRC with registered capital of RMB2,400,000;
- (v) on April 15, 2025, Anhui Makesense Energy Technology Co., Ltd. (安徽美克生能源科技有限公司) was established in the PRC with registered capital of RMB10,000,000;
- (w) on May 16, 2025, Handan Handian New Energy Co., Ltd. (邯鄲邯電新能源有限公司) was established in the PRC with registered capital of RMB13,000,000;
- (x) on June 24, 2025, Funing Runyu Energy Technology Co., Ltd. (阜寧潤玉能源科技有限公司) was established in the PRC with registered capital of RMB6,000,000;
- (y) on July 10, 2025, Yichun Meichun New Energy Co., Ltd. (宜春美春新能源有限公司) was established in the PRC with registered capital of RMB700,000;

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- (z) on July 11, 2025, Mount Huangshan Xingnuo Energy Technology Co., Ltd. (黃山星諾能源科技有限公司) was established in the PRC with registered capital of RMB1,200,000;
- (aa) on July 15, 2025, Jiangsu Meiliang Intelligent Power Co., Ltd. (江蘇美梁智能電力有限公司) was established in the PRC with registered capital of RMB201,000,000;
- (bb) on October 23, 2025, Wuhu Jihu Energy Technology Co., Ltd. (蕪湖鳩華能源科技有限公司) was established in the PRC with registered capital of RMB800,000;
- (cc) on April 13, 2026, Shanghai Meizhi Qing Electric Power Technology Co., Ltd. (上海美智擎電力科技有限公司) was established in the PRC with registered capital of RMB201,000,000; and
- (dd) on April 13, 2026, Shanghai Meisongyuan Energy Technology Co., Ltd. (上海美松源能源科技有限公司) was established in the PRC with registered capital of RMB10,000,000.

Save as disclosed above, there has been no alteration in the share capital of our subsidiaries within two years immediately preceding the date of this document.

4. Resolutions of our Shareholders

At the general meeting of the Shareholders held on April 15, 2026, the following resolutions, among others, were duly passed:

- (1) the sub-division of the Shares with nominal value of RMB1.00 each on the basis of one to ten, effective immediately prior to the [REDACTED], and taking into account the Share Subdivision, the issue of H Shares of nominal value of RMB0.1 each and such H Shares be [REDACTED] on the Stock Exchange;
- (2) the issue by the Company of H Shares with a nominal value of RMB0.1 each and such H Shares be [REDACTED] on the Stock Exchange;
- (3) that the number of H Shares to be [REDACTED] shall not be more than [REDACTED] of the total issued share capital of our Company as enlarged by the [REDACTED] (before the exercise of the [REDACTED]), and the grant to the [REDACTED] (or their representatives) of the [REDACTED] of not more than [REDACTED] of the number of H Shares [REDACTED] pursuant to the [REDACTED];
- (4) subject to the completion of the [REDACTED], the revised Articles of Association be approved and adopted, which shall become effective on the [REDACTED] and the Board has been authorized to amend the Articles of Association in accordance with any legal or statutory requirements, or any comments from any governmental or regulatory authorities;
- (5) subject to the result of the CSRC filing, upon completion of the [REDACTED], the [REDACTED] of Domestic Shares into H Shares will be applied for;
- (6) authorization of the Board and its authorized persons to deal with, individually or jointly, all matters relating to the application for the [REDACTED] of Domestic Shares into H Shares; and
- (7) authorization of the Board or its authorized individual to handle all matters relating to, among other things, the [REDACTED] and the [REDACTED] and [REDACTED] of H Shares on the Stock Exchange.

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B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by our Company or its subsidiaries within the two years preceding the date of this document and are or may be material:

- (a) the Series D+ Investment Agreement entered into among our Company, our Shareholders, Green Energy Fund and Future Energy Fund dated December 13, 2024;
- (b) the Series E Investment Agreement entered into among our Company, our Shareholders, SH Jiliuling, SH Songjiang and Lu Feng dated March 26, 2026;
- (c) the supplemental shareholders’ agreement entered into among our Company and our Shareholders dated April 17, 2026 in relation to determination of special rights; and
- (d) the [REDACTED].

2. Our Material Intellectual Property Rights

(a) Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we considered to be material to our business:

No.	Trademark	Registered owner	Class	Place of registration	Registration number	Registration date	Expiry date
1. . .	美克生	Our Company	Class 39 Transport & Storage	PRC	75751380	June 7, 2024	June 6, 2034
2. . .	美克生	Our Company	Class 36 Finance & Real Estate	PRC	72484388	December 21, 2023	December 20, 2033
3. . .	美克生	Our Company	Class 7 Machinery	PRC	72465085	December 21, 2023	December 20, 2033
4. . .	美克生	Our Company	Class 42 Design & Research	PRC	72479769	December 21, 2023	December 20, 2033
5. . .	美克生	Our Company	Class 9 Scientific Instruments	PRC	72469214	December 21, 2023	December 20, 2033
6. . .	美克生	Our Company	Class 4 Fuels & Oils	PRC	72465904	December 21, 2023	December 20, 2033
7. . .	美克生	Our Company	Class 37 Construction & Repair	PRC	72467994	December 21, 2023	December 20, 2033
8. . .	Makesense™	Our Company	Class 9 Scientific Instruments	PRC	71476324	November 28, 2023	November 27, 2033
9. . .	III MAKESENSE	Our Company	Class 9 Scientific Instruments	PRC	71080715	January 14, 2025	January 13, 2035
10. . .	美克生玲珑	Our Company	Class 9 Scientific Instruments	PRC	68374246	June 14, 2023	June 13, 2033
11. . .	美克生庞舶	Our Company	Class 9 Scientific Instruments	PRC	68387260	June 7, 2023	June 6, 2033
12. . .	美克生奇巧	Our Company	Class 9 Scientific Instruments	PRC	68366134	June 14, 2023	June 13, 2033
13. . .	美克生	Our Company	Class 9 Scientific Instruments	PRC	67876208	May 7, 2023	May 6, 2033

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No.	Trademark	Registered owner	Class	Place of registration	Registration number	Registration date	Expiry date
14. . .	美克生能源	Our Company	Class 42 Design & Research	PRC	63348913	November 14, 2023	November 13, 2033
15. . .	MAKESENSE	Our Company	Class 9 Scientific Instruments	PRC	63101676	November 14, 2022	November 13, 2032
16. . .	绿来电	Our Company	Class 9 Scientific Instruments	PRC	58461520	February 14, 2022	February 13, 2032
17. . .	绿电来	Our Company	Class 42 Design & Research	PRC	58461634	February 14, 2022	February 13, 2032
18. . .	绿来电	Our Company	Class 35 Advertising & Sales	PRC	58444637	February 7, 2022	February 6, 2032
19. . .	绿电来	Our Company	Class 35 Advertising & Sales	PRC	58457881	February 14, 2022	February 13, 2032
20. . .	绿电来	Our Company	Class 9 Scientific Instruments	PRC	58456299	February 14, 2022	February 13, 2032
21. . .	绿来电	Our Company	Class 42 Design & Research	PRC	58467516	February 14, 2022	February 13, 2032
22. . .	中岳储维	Zhongyue Construction	Class 37 Construction & Repair	PRC	72270181	December 7, 2023	December 6, 2033
23. . .	美克生电力	Our Company	Class 4 Fuels & Oils	PRC	85107193	October 14, 2025	October 13, 2035
24. . .	Makesense™	Our Company	Class 6 Metal Materials	PRC	84163697	November 28, 2025	November 27, 2035
25. . .	Makesense™	Our Company	Class 37 Construction & Repair	PRC	84151433	November 14, 2025	November 13, 2035

As at the Latest Practicable Date, we had made an application for the registration of the following trademarks which we considered to be material to our business:

No.	Trademark	Classes	Place of application	Applicant	Application number	Application date
1. . . .	美克生	4, 7, 9, 36, 27, 39, 42	Hong Kong	Our Company	307117128	December 5, 2025
2. . . .	Makesense™	4, 7, 9, 36, 37, 39, 42	Hong Kong	Our Company	307117119	December 5, 2025

(b) Patents

As of the Latest Practicable Date, we had registered the following patents which we considered to be material to our business:

No.	Patent Number	Patent Description	Patentee	Place of registration	Patent Type	Application date
1. . .	ZL201910234687.8	A Method for Estimating the State of Charge (SOC) of Lithium-Ion Batteries.	Our Company	PRC	Invention	March 26, 2019

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No.	Patent Number	Patent Description	Patentee	Place of registration	Patent Type	Application date
2. . .	ZL201910353823.5	A rapid method for determining the internal resistance of all individual cells within a battery pack.	Our Company	PRC	Invention	April 29, 2019
3. . .	ZL201910353661.5	A rapid method for determining the capacity of all individual cells in a battery pack.	Our Company	PRC	Invention	April 29, 2019
4. . .	ZL201910991289.0	An energy storage backup power device with online testing capability and its associated testing method.	Our Company	PRC	Invention	October 18, 2019
5. . .	ZL202010246383.6	A method for preventive diagnostic testing of a battery pack.	Our Company	PRC	Invention	March 31, 2020
6. . .	ZL202011629352.5	Charging dynamic control device for power batteries and charging diagnostic method for power batteries.	Our Company	PRC	Invention	December 31, 2020
7. . .	ZL202211403506.8	A battery early warning method and device based on an electrochemical model.	Our Company	PRC	Invention	November 10, 2022
8. . .	ZL202211431372.0	Lithium battery SOH analysis and prediction method, device, electronic equipment, and storage medium.	Our Company	PRC	Invention	November 14, 2022
9. . .	ZL202310054026.3	A current correction method and system for electrochemical model parameter identification.	Our Company	PRC	Invention	February 3, 2023
10. . .	ZL202310097290.5	A warning diagnosis method, system, electronic device, and medium.	Our Company	PRC	Invention	February 7, 2023
11. . .	ZL202310173558.9	Lithium battery state monitoring method, system, device, and storage medium.	Our Company	PRC	Invention	February 27, 2023
12. . .	ZL202310498468.7	Edge computing terminal devices, integrated energy stations, management platforms, and their control methods.	Our Company	PRC	Invention	May 5, 2023

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No.	Patent Number	Patent Description	Patentee	Place of registration	Patent Type	Application date
13. . .	ZL202210783901.7	Methods and devices for solving physical quantities of electric fields in electrochemical models, as well as storage media.	Our Company	PRC	Invention	July 5, 2022
14. . .	CN202211313564.1	Rapid battery diagnosis methods based on edge computing, along with storage media and electronic devices.	Our Company	PRC	Invention	October 25, 2022
15. . .	CN202211431599.5	Battery State of Charge (SOC) Calibration Method, System, Storage Medium, and Terminal.	Our Company	PRC	Invention	November 15, 2022
16. . .	CN201910154721.0	A microgrid energy management method and system based on lithium battery charging and discharging states.	Our Company	PRC	Invention	March 1, 2019
17. . .	CN202310334300.2	A battery safety warning method, apparatus, and electronic device.	Our Company	PRC	Invention	March 30, 2023
18. . .	CN202310331577.X	Analysis method, storage medium, electronic device, and system for internal temperature of battery cells.	Our Company	PRC	Invention	March 30, 2023

(c) Overseas Patents

As of the Latest Practicable Date, we had registered the following overseas patents which we considered to be material to our business:

No.	Patent Number	Patent Description	Patentee	Place of registration	Application date
1. . .	US 12,241,936 B2	Methods And Devices For Estimating State Of Charge Of Battery, And Extracting Charging Curve Of Battery	Our Company	USA	January 25, 2023
2. . .	US 12,222,395 B2	Method, Apparatus And Device. For Identifying Battery Parameters And Storage Medium.	Our Company	USA	November 29, 2023
3. . .	US 12,074,299 B2	Asic Chip For Performing Active Battery Equalization	Our Company, Volta Institute	USA	October 7, 2023

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No.	Patent Number	Patent Description	Patentee	Place of registration	Application date
4. . .	US 12,113,360 B2	Method And Device. For Forecasting Electric Load, And Electronic Device.	Our Company	USA	September 6, 2023
5. . .	US 12,057,558 B2	System For Dynamic Management And Control Of Lithium Battery Energy Storage System.	Our Company	USA	December 28, 2022
6. . .	US 12,315,356 B2	A Method For Warning Battery Overheat.	Our Company	USA	August 23, 2023
7. . .	US 12,314,206 B2	Hot-plugging edge computing terminal hardware architecture and system.	Our Company	USA	August 28, 2023
8. . .	US 12,204,827 B2	Method for establishing electrochemical model for ion battery.	Our Company	USA	May 30, 2023

(d) Software Copyrights

As of the Latest Practicable Date, we had registered the following software copyrights which we considered to be material to our business:

No.	Copyright	Registered Owner	Place of registration	Registration number	Registration date
1. . .	Makesense Energy Storage Monitoring Software	Our Company	PRC	2019SR1266106	December 3, 2019
2. . .	Makesense Energy Storage Preventive Diagnostic Software	Our Company	PRC	2019SR1266376	December 3, 2019
3. . .	Makesense Energy Storage Operation and Maintenance Inspection Software	Our Company	PRC	2020SR0675246	June 24, 2020
4. . .	Makesense Energy Storage Preventive Diagnostic Safety Management System (PSS) Mini Program	Our Company	PRC	2023SR0050282	January 10, 2023
5. . .	Panoramic Aggregated Operation Platform	Zhejiang Makesense	PRC	2023SR0897130	August 4, 2023
6. . .	Energy Storage and Electricity Price Management Platform	Zhejiang Makesense	PRC	2024SR0793413	June 12, 2024
7. . .	PSS Battery Pre-Diagnosis System	Zhejiang Makesense	PRC	2025SR0376190	March 4, 2025
8. . .	New Energy Digital Intelligence Service Platform	Zhejiang Makesense	PRC	2025SR0387299	March 5, 2025
9. . .	Green Energy Industry-Wide and Full-Scenario Operation Platform	Zhejiang Makesense	PRC	2025SR0385881	March 5, 2025
10. .	Energy Storage Panorama Aggregation and Operation Platform	Zhejiang Makesense	PRC	2025SR0387307	March 5, 2025
11. .	PSS Energy Storage Pre-Diagnosis Safety Management System	Zhejiang Makesense	PRC	2025SR0385918	March 5, 2025

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No.	Copyright	Registered Owner	Place of registration	Registration number	Registration date
12.	Energy Storage Safety Monitoring and Smart Operations Platform	Zhejiang Makesense	PRC	2025SR0405443	March 7, 2025

(e) Domain names

As of the Latest Practicable Date, we had registered the following domain names which we considered to be material to our business:

No.	Domain name	Registered owner	Expiry date
1.	makesense-energy.com	Our Company	April 24, 2028
2.	ms-os.cn	Our Company	January 25, 2027
3.	energy-os.cn	Our Company	January 25, 2027
4.	ms-battery.cn	Our Company	February 15, 2027
5.	battery-doctor.cn	Our Company	October 21, 2028

Save as disclosed above, as at the Latest Practicable Date, there were no other intellectual property rights which were material to our Group’s business.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of interests of our Directors and Chief Executive

Immediately following the completion of the Share Subdivision, the [REDACTED] and [REDACTED] of Domestic Shares into H Shares, the interests and/or short positions (as applicable) of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company and any interests and/or short positions (as applicable) in shares, underlying Shares or debentures of any of the Company’s associated corporations (within the meaning of Part XV of the SFO) which (1) will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions (as applicable) which they are taken or deemed to have under such provisions of the SFO), (2) will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or (3) will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules, to be notified to the Company and the Stock Exchange, in each case once the Shares are [REDACTED] on the Stock Exchange, will be as follows:

(a) Interests in our Company

Name of Director or Chief Executive	Nature of Interest	Number and Description of Shares held upon completion of the Share Subdivision, the [REDACTED] and the [REDACTED] of Domestic Shares into H Shares ⁽¹⁾	Approximate percentage of shareholding in the total issued share capital of our Company immediately upon completion of the Share Subdivision, the [REDACTED] and the [REDACTED] of Domestic Shares into H Shares ⁽²⁾
Ms. Wei	Interest in controlled corporation Beneficial owner	[REDACTED] [REDACTED] [REDACTED]	[REDACTED]% [REDACTED]% [REDACTED]%

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Name of Director or Chief Executive	Nature of Interest	Number and Description of Shares held upon completion of the Share Subdivision, the [REDACTED] and the [REDACTED] of Domestic Shares into H Shares ⁽¹⁾	Approximate percentage of shareholding in the total issued share capital of our Company immediately upon completion of the Share Subdivision, the [REDACTED] and the [REDACTED] of Domestic Shares into H Shares ⁽²⁾
	Concert Party Interest ⁽³⁾	[REDACTED]	[REDACTED]%
Dr. Yan	Beneficial owner	[REDACTED]	[REDACTED]%
	Concert Party Interest ⁽³⁾	[REDACTED]	[REDACTED]%
		[REDACTED]	[REDACTED]%

Notes:

- (1) All interests stated are long positions. The number of Shares as of the Latest Practicable Date is the number assuming the Share Subdivision is completed. Please see “History, Development and Corporate Structure” for details of the Share Subdivision.
- (2) The calculation is based on the total number of [REDACTED] and [REDACTED] H Shares in issue immediately after the completion of the Share Subdivision and the [REDACTED] (without taking into account the H Shares to may be issued upon the exercise of the [REDACTED]) and the [REDACTED] of Domestic Shares into H Shares.
- (3) Pursuant to the Concert Party Deed, each of Ms. Wei and Dr. Yan is deemed to be interested in the Shares held by each other under Part XV of the SFO.

2. Substantial Shareholders

Save as disclosed in the section headed “Substantial Shareholders” in this document, immediately following the completion of the [REDACTED] and without taking into account any Shares which may be issued pursuant to the exercise of the [REDACTED], our Directors or chief executive are not aware of any other person (other than a Director or chief executive of our Company) who will have an interest or short position in the Shares or the underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or 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 meetings of our Company or any of our subsidiaries.

As of the Latest Practicable Date, so far as our Directors are aware, the following persons (other than our Directors or chief executive of our Company) were interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of other members of our Group:

Our Subsidiary	Person with 10% or more interest	Capacity/ Nature of interest	Percentage of the interest in the subsidiary (%)
Zhenjiang Meiyang Energy Technology Co., Ltd. (鎮江美陽能源科技有限公司)	Danyang Ruicheng Technology Co., Ltd. (丹陽瑞誠科技有限公司)	Beneficial interests	20%
Zhenjiang Meichengrui New Energy Technology Co., Ltd. (鎮江美誠瑞新能源科技有限公司)	Danyang Ruicheng Technology Co., Ltd. (丹陽瑞誠科技有限公司)	Beneficial interests	20%

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Our Subsidiary	Person with 10% or more interest	Capacity/ Nature of interest	Percentage of the interest in the subsidiary (%)
Zhejiang Shendian Makesense New Energy Co., Ltd. (浙江神電美克生新能源有限公司)	Zhejiang Yongju Electronic Technology Co., Ltd. (浙江甬聚電子科技有限公司)	Beneficial interests	30%
Jiangmen Meiyin Energy Storage Technology Co., Ltd. (江門美銀儲能科技有限公司)	Guangdong Xinkong Energy Group Co., Ltd. (廣東新控能源集團有限公司)	Beneficial interests	40%
Taizhou Hehuang Energy Storage Technology Co., Ltd. (台州市赫廣儲能科技有限公司)	Hangzhou Guoli Yinghe Investment Co., Ltd. (杭州國利英核投資有限公司)	Beneficial interests	40%
Taizhou Guoli Yinghe Energy Storage Technology Co., Ltd. (台州國利英核儲能科技有限公司)	Hangzhou Guoli Yinghe Investment Co., Ltd. (杭州國利英核投資有限公司)	Beneficial interests	40%
Hubei Makesense Energy Technology Co., Ltd. (湖北玫克生能源科技有限公司)	Hubei Chuying Wisdom Energy Group Co., Ltd. (湖北楚盈智慧能源集團有限公司)	Beneficial interests	49%
Makesense (Shenzhen) Venture Capital Co., Ltd. (玫克生(深圳)創業投資有限公司)	Li Chuxiao (李楚瀟)	Beneficial interests	24.5%
	Fu Yao (付瑤)	Beneficial interests	24.5%

3. Particulars of Directors’ Contracts and Appointment Letters

Each of our executive Directors [has entered] into a service contract with our Company on [●], and we have issued letters of appointment to each of our non-executive Directors and each of our independent non-executive Directors. The service contracts with each of our executive Directors and the letters of appointment with each of our non-executive Directors are for an initial fixed term of three years commencing from the date of appointment. The letters of appointment with each of our independent non-executive Directors are for an initial fixed term of three years. The service contracts and the letters of appointment are subject to termination in accordance with their respective terms. The service contracts may be renewed in accordance with our Articles of Association and the applicable Listing Rules.

Save as disclosed above, none of our Directors has entered, or has proposed to enter, a service contract with any member of our Group (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

4. Remuneration of Directors

See “Directors and Senior Management” and note 10 to the Accountants’ Report in Appendix I to this document for the remuneration or benefits in kind paid to our Directors for each of the years ended December 31, 2023 and 2024, and 2025.

During the Track Record Period, no fees were paid by our Group to any of the Directors or the five highest paid individuals as an inducement to join us or as compensation for loss of office.

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5. Disclaimers

Save as disclosed in this Appendix and in sections headed “Directors and Senior Management” and “Substantial Shareholders” in this document:

- (a) none of our Directors or chief executive of our Company has any interests or short positions in the shares, underlying shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he is taken or deemed to have taken under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to in that section, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to our Company and the Stock Exchange, once the Shares are [REDACTED] on the Stock Exchange;
- (b) so far as is known to any Director or chief executive of our Company, no person has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group;
- (c) none of our Directors nor any of the persons listed in “E. Other Information — 4. Qualifications and Consents of Experts” below is interested in the promotion of, or in any assets which have been, within the two years immediately preceding the issue of this document, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (d) none of our Directors nor any of the persons listed in “E. Other Information — 4. Qualifications and Consents of Experts” below is materially interested in any contract or arrangement with our Group subsisting at the date of this document which is unusual in its nature or conditions or which is significant in relation to the business of our Group as a whole;
- (e) save in connection with [REDACTED], none of the persons listed in “E. Other Information — 4. Qualifications and Consents of Experts” below has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group;
- (f) none of our Directors has entered or has proposed to enter into any service agreements with our Company or any member of our Group (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation); and
- (g) so far as is known to our Directors, none of our Directors or their respective associates (as defined under the Listing Rules), or Shareholders who are interested in more than 5% of the issued share capital of our Company has any interest in our Company’s five largest customers and five largest suppliers.

D. [REDACTED] SHARE INCENTIVE PLANS

Prior to the [REDACTED], our Company adopted three [REDACTED] Share Incentive Plans, namely (i) the 2021 Share Incentive Plan; (ii) the 2023 Share Incentive Plan and (iii) the 2025 Share Incentive Plan. These [REDACTED] Share Incentive Plans will not involve the grant of any share options or share awards after [REDACTED] and will not be subject to Chapter 17 of the Listing Rules. Shanghai Tuxin, Meisheng Gongjin and Meisheng Gongmou were established as Employee Shareholding Platforms to implement the [REDACTED] Share Incentive Plans. Given the underlying Shares under them had

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already been issued to Shanghai Tuxin and Meisheng Gongjin and Meisheng Gongmou held indirect interest in our Company through partnership interests in Shanghai Tuxin, there will not be any [REDACTED] effect to the issued Shares as a result of the operation of the [REDACTED] Share Incentive Plans. The [REDACTED] Share Incentive Plans may be required to re-comply with Chapter 17 of the Listing Rules if there are any material alterations or changes to the terms and conditions of the schemes. Set out below are the principal terms of the [REDACTED] Share Incentive Plans:

(a) Administration

The executive management partner of Shanghai Tuxin is Ms. Wei, our executive Director, general manager and chairperson of the Board. Ms. Wei is entitled to manage affairs concerning Shanghai Tuxin as the executive management partner. The executive management partner of Meisheng Gongjin and Meisheng Gongmou is Dr. Liu, our executive Director. Dr. Liu is entitled to manage affairs concerning Meisheng Gongjin and Meisheng Gongmou as their executive management partner.

(b) Eligible Participants

The Participants shall be determined from time to time by the administrator of each of the [REDACTED] Incentive Plans.

(c) Shares under the [REDACTED] Share Incentive Plans

As of the Latest Practicable Date, Shanghai Tuxin held 17.11% of the total share capital of our Company. Each of Meisheng Gongjin and Meisheng Gongmou held equity interests of our Company through its limited partnership interests in Shanghai Tuxin. Immediately upon the [REDACTED], Shanghai Tuxin will hold [REDACTED] of the total share capital of our Company.

(d) Employee Shareholding Platforms

Shanghai Tuxin, Meisheng Gongjin and Meisheng Gongmou are limited partnerships established on March 15, 2021, July 5, 2024 and July 1, 2024, respectively, as our incentive holding entities. Incentives are granted to eligible participants under the Employee Incentive Scheme (the “Participants”) in the form of partnership interests in our holding entities. Set out below is the holding structure of our such entities as of the Latest Practicable Date:

- Shanghai Tuxin: As of the Latest Practicable Date, Shanghai Tuxin held 2,202,630 Shares, The executive management partner of Shanghai Tuxin is Ms. Wei, who holds approximately 34.03% partnership interests in Shanghai Tuxin. The remaining approximately 65.97% partnership interests in Shanghai Tuxin are held by seven limited partners which include Meisheng Gongjin and Meisheng Gongmou, our two other incentive holding entities, and five other individuals who are either our employee or former employee, among whom Dr. Yan, being a Director, holds approximately 11.35% partnership interests in Shanghai Tuxin. None of the limited partners of Shanghai Tuxin holds more than one third of the partnership interests in Shanghai Tuxin.
- Meisheng Gongjin: As of the Latest Practicable Date, Meisheng Gongjin held 19.70% partnership interest of Shanghai Tuxin, The executive management partner of Meisheng Gongjin is Dr. Liu, who holds approximately 5.10% partnership interests in Meisheng Gongjin. The remaining approximately 94.90% partnership interests in Meisheng Gongjin are held by 16 limited partners who are primarily employees of our Group. Shi Lu (施璐), an employee of our Company, held 38.44% partnership interests in Meisheng Gongjin. Save for Shi Lu (施璐), none of the limited partners of Meisheng Gongjin holds more than one third of the partnership interests in Meisheng Gongjin.
- Meisheng Gongmou: As of the Latest Practicable Date, Meisheng Gongmou held 32.90% partnership interest of Shanghai Tuxin, The executive management partner of Meisheng Gongmou is Dr. Liu, who holds approximately 7.12% partnership interests in Meisheng Gongmou. The remaining approximately 92.88% partnership interests in Meisheng Gongmou

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are held by 38 limited partners who are primarily employees of our Group, among whom each of Ms. Wei and Mr. Xue, each being a Director and/or member of our senior management, holds approximately 0.28% and 17.10% partnership interests in Meisheng Gongmou, respectively. None of the limited partners of Meisheng Gongmou holds more than one third of the partnership interests in Meisheng Gongmou.

(e) Type of awards

Award available under the 2021 Share Incentive plans was restricted shares.

Awards available under the 2023 Share Incentive Plan include restricted shares and share options.

Award available under the 2025 Share Incentive plans was restricted shares and share options.

As of the Latest Practicable Date, all awards available for grant under the [REDACTED] Share Incentive Plans had been granted to respective Participants.

(f) Lock-up period and restriction

The partnership interests held by the Participants in each of the Employee Shareholding Platforms are subject to lock-up restrictions, whereby (i) such partnership interests may not be sold, transferred or otherwise disposed of to any third party before the Company’s qualified [REDACTED] of a recognised stock exchange; and (ii) upon [REDACTED], such partnership interests are subject to any applicable lock-up period required under the PRC laws and Listing Rules.

E. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty under the PRC laws is likely to fall on our Company or its subsidiaries.

2. Litigation

As of the Latest Practicable Date, no member of our Group was 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 our Group, that would have a material adverse effect on its business, financial condition or results of operations.

3. Sole Sponsor

The Sole Sponsor has made an application on behalf of our Company to the Stock Exchange for the [REDACTED] of, and permission to [REDACTED], the H Shares to be [REDACTED] pursuant to the [REDACTED]. All necessary arrangements have been made to enable our H Shares to be admitted into [REDACTED].

The Sole Sponsor satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

The Sole Sponsor will receive an aggregate fee of [REDACTED] for acting as the sponsor for the [REDACTED].

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4. Qualifications and Consents of Experts

The following are the qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given opinions or advice which are contained in this document:

Name	Qualification
Guotai Junan Capital Limited	A licensed corporation under the SFO to conduct Type 6 (advising on corporate finance) regulated activities as defined under the SFO
Ernst & Young	Certified Public Accountants under Professional Accountant Ordinance (Chapter 50 of the Laws of Hong Kong) and Registered Public Interest Entity Auditor under the Accounting and Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong)
AllBright Law Offices	Legal advisor to our Company as to PRC Law
China Insights Consultancy	Independent industry consultant

Each of the experts named above 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 and/or legal opinion (as the case may be) and references to their names included in the form and context in which it respectively appears.

None of the experts named above has any shareholding interests 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 our Company or any of our subsidiaries.

5. Promoters

Information of our promoters as of the time of our Company’s conversion into a joint stock limited company on February 5, 2026 is as follows:

No.	Name
1. . . .	Ms. Wei
2. . . .	Dr. Yan
3. . . .	Shanghai Tuxin
4. . . .	SH Inno
5. . . .	SZ Inno
6. . . .	HKX
7. . . .	Suzhou Yuanming
8. . . .	BJ Junlian
9. . . .	SH Junlian
10. . .	Suzhou Junlian
11. . .	SBL
12. . .	Xiamen Creo
13. . .	Tianjin Taibo
14. . .	Ningbo Youliang
15. . .	Xi’an Haiying
16. . .	Jiyuan Haoyuan
17. . .	Jiyuan Haoyue

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No.	Name
18. . .	National Green Development Fund
19. . .	Green Energy Fund
20. . .	Future Energy Fund

Within the two years immediately preceding the date of this document, no cash, securities, amount or benefit has been paid, allotted or given, or has been proposed to be paid, allotted or given, to any of the promoters named above in connection with the [REDACTED] or the related transactions described in this document.

7. Taxation of Holders of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty if such sale, purchase and transfer is effected on the H Share register of members of our Company, including in circumstances where such transaction is effect on the Stock Exchange. The current rate of Hong Kong stamp duty for such sale, purchase and transfer is 0.1% of the consideration or, if higher, the fair value of the H Shares being sold or transferred.

8. Preliminary Expenses

We have not incurred any material preliminary expenses.

9. No Material Adverse Change

Our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since December 31, 2025.

10. Binding Effect

This document shall have the effect, if an application is made in pursuance of this document, 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 insofar as applicable.

11. Bilingual Document

The English language and Chinese language versions of this document are being published separately, in reliance upon the exemption provided by Section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

This document is written in the English language and contains a Chinese translation for information purpose only. Should there be any discrepancy between the English language of this document and the Chinese translation, the English language version of this document shall prevail.

12. Miscellaneous

Save as disclosed in this document:

- (a) within the two years immediately preceding the date of this document:
 - (i) neither we nor any of our subsidiaries has issued or agreed to issue any share or loan capital fully or partly paid up either for cash or for a consideration other than cash;

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- (ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
 - (iii) save as in connection with the [REDACTED], no commission, discounts, brokerage or other special terms have been granted in connection with the issue or sale of any shares or loan capital of any member of our Group;
 - (iv) no commission has been paid or payable (except commission to [REDACTED]) to any persons for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any shares of our Company or any of our subsidiaries;
 - (v) no founder, management or deferred shares of our Company or any of our subsidiaries have been issued or agreed to be issued; and
 - (vi) there is no arrangement under which future dividends are waived or agreed to be waived.
- (b) our Directors confirm that:
- (i) since December 31, 2025 (being the date on which the latest audited consolidated financial statements of our Group were made up), there has been no material adverse change in our financial or trading position or prospects;
 - (ii) there has not been any interruption in the business of our Company which may have or have had a material adverse effect on the financial position of our Company in the 12 months immediately preceding the date of this document;
 - (iii) our Company has no outstanding convertible debt securities or debentures; and
 - (iv) there are no treasury shares held by our Company or our subsidiaries or through our agents or nominees.

APPENDIX VII DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES AND AVAILABLE ON DISPLAY

A. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) a copy of each of the material contracts referred to in “Statutory and General Information — B. Further Information about our Business — 1. Summary of Our Material Contracts” in Appendix VI; and
- (b) the written consents referred to in the section headed “Statutory and General Information — E. Other Information — 4. Qualifications and Consents of Experts” in Appendix VI.

B. DOCUMENTS AVAILABLE ON DISPLAY

Electronic copies of the following documents will be available on display on the website of our Company at www.makesense-energy.com and on the website of the Stock Exchange at www.hkexnews.hk during a period of 14 days from the date of this document:

- (i) the Articles of Association;
- (ii) the Accountants’ Report prepared by Ernst & Young, the text of which is set out in Appendix I;
- (iii) the audited consolidated financial statements of our Group for the years ended December 31, 2023, 2024 and 2025;
- (iv) the report prepared by Ernst & Young on the unaudited [REDACTED] financial information of our Group, the texts of which are set out in Appendix II;
- (v) the industry report issued by CIC referred to in “Industry Overview”;
- (vi) the PRC legal opinions issued by Allbright Law Offices, our PRC Legal Advisor, in respect of certain general corporate matters and property interests of our Group under PRC law;
- (vii) the material contracts referred to in “Statutory and General Information — B. Further Information about our Business — 1. Summary of Our Material Contracts” in Appendix VI;
- (viii) the service contracts and appointment letters referred to in “Statutory and General Information — C. Further Information about Our Directors and Substantial Shareholders — 3. Particulars of Directors’ Service Contracts and Appointment Letters” in Appendix VI;
- (ix) the written consents referred to in “Statutory and General Information — E. Other Information — 4. Qualifications and Consents of Experts” in Appendix VI; and
- (x) the PRC Company Law, the Securities Law, and the Trial Measures, together with unofficial English translations thereof.