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Application Proof of
Shenzhen Jiecheng New Energy Technology Co., Ltd.*
深圳杰成新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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Shenzhen Jiecheng New Energy Technology Co., Ltd.*

深圳杰成新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 : [REDACTED] H Shares (subject to the the [REDACTED] [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 and subject to refund on final pricing)

Nominal value : RMB[REDACTED] per H Share

[REDACTED] : [●]

Sole Sponsor, [REDACTED]



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The [REDACTED] is expected to be fixed by agreement between the [REDACTED], on behalf of the [REDACTED], and our Company on or before [REDACTED], but in any event, no later than [12:00 noon, [REDACTED]]. If, for any reason, the [REDACTED], on behalf of the [REDACTED], and our Company are unable to reach an agreement on the [REDACTED] by [12:00 noon, [REDACTED]] the [REDACTED] will not become unconditional and will lapse immediately.

The [REDACTED] will be not more than HK\$[REDACTED] per H Share and is expected to be not less than HK\$[REDACTED] per H Share although the [REDACTED], on behalf of the [REDACTED], may, with our consent, reduce the number of [REDACTED] and/or the indicative [REDACTED] range below that stated in this document (being HK\$[REDACTED] per H Share to HK\$[REDACTED] per H Share) at any time on or prior to the morning of the last date for lodging applications under the [REDACTED]. In such a case, notices of the reduction in the number of [REDACTED] and/or the indicative [REDACTED] range will be published on the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.jcnico.com as soon as practicable but in any event not later than the morning of the day which is the last day for lodging applications under the [REDACTED]. For further information, see the sections headed “Structure and Conditions of the [REDACTED]” and “How to Apply for the [REDACTED]” in this document.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this document, including the risk factors set out in “Risk Factors” in this document.

Pursuant to the termination provisions contained in the [REDACTED] in respect of the [REDACTED], the Sole Sponsor and the [REDACTED], on behalf of the Hong Kong [REDACTED], have the right in certain circumstances, in their absolute discretion, to terminate the obligation of the Hong Kong [REDACTED] pursuant to the [REDACTED] at any time prior to 8:00 a.m. on the [REDACTED]. Further details of the terms of the termination provisions are set out in the section headed “[REDACTED] — [REDACTED] Arrangements and Expenses — The [REDACTED] — Grounds for Termination”. It is important that you refer to that section for further details.

The [REDACTED] have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States, and may not be offered, sold, pledged or transferred, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable U.S. state securities laws. The [REDACTED] are being offered and sold only outside of the United States in offshore transactions in reliance on Regulation S.

[REDACTED]

* for identification purpose only

[REDACTED]

IMPORTANT

[REDACTED]

IMPORTANT

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

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This document is issued by our Company solely in connection with the [REDACTED] and the [REDACTED] and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the [REDACTED]. This document may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a [REDACTED] of the [REDACTED] or the distribution of this document in any jurisdiction other than Hong Kong.

You should rely only on the information contained in this document to make your investment decision. Our Company has not authorized anyone to provide you with information that is different from what is contained in this document. Any information or representation not made in this document must not be relied on by you as having been authorized by our Company, Sole Sponsor, [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED], any of the [REDACTED], any of our or their respective directors, officers, representatives, or affiliates, or any other person or party involved in the [REDACTED]. Information contained in our website, located at www.jcnico.com, does not form part of this document.

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

OVERVIEW

We are a world-leading independent lithium battery recycling and material recovery solution provider who aim to build a comprehensive supply chain for new energy green materials and become a globally respected, renowned enterprise. According to CIC, we ranked first globally in terms of lithium battery recycling volume via third-party channels in 2025. In 2025, we recycled 71.6 kilotons of lithium battery recycling materials, including electrode sheets, battery cells and used batteries and other forms of materials, establishing comprehensive processing capabilities for full-category, full-form and full-chain lithium battery recycling and material recovery.

Our suppliers span battery manufacturers, EV original equipment manufacturers (“OEMs”), automobile insurance companies, energy storage operators and other channels. Our customers mainly comprise leading Chinese battery manufacturers and battery material producers.

We source a steady supply of lithium battery recycling materials through our extensive, stable raw material channels. These materials are sorted into our different business lines based on their form and chemical properties via rigorous internal screening and testing. Battery packs, modules and cells with adequate remaining charge-discharge performance are processed by our cascade utilization line, which reconfigures them into functional battery packs or modules using capacity-voltage testing, charge-discharge testing, packaging and other technologies. Those production scraps and used batteries without cascade value undergo advanced discharge pretreatment and refined recycling. Following the recycling process, we sell recycled black mass, our main recycling products, to customers according to market conditions. Meanwhile, part of the black mass is fed into our hydrometallurgy process to manufacture mixed metal salt solution products in line with production plans. Our offerings span three categories: recycling products (ternary black mass, LFP black mass, LFP high-purity electrode powder and by-products), hydrometallurgy products (mixed metal salt solutions) and cascade utilization products (reconfigured battery packs, modules and cells).

Market position	Operational data	Financial performance
 No. 1 Globally	 41.0%	 13.8%
In terms of lithium battery recycling volume via third-party channels in 2025 according to CIC	CAGR from 2023 to 2025 of recycling volume	CAGR from 2023 to 2025 of increased revenue Achieved net profit in 2025

We achieved remarkable performance during the Track Record Period. Our revenue increased by 1.1% from RMB1,157.9 million for the year ended December 31, 2023 to RMB1,170.5 million for the year ended December 31, 2024. Our revenue further increased by 28.1% from RMB1,170.5 million for the year ended December 31, 2024 to RMB1,499.6 million for the year ended December 31, 2025. We recorded a net loss of RMB151.4 million and RMB95.1 million for the years ended December 31, 2023 and 2024, respectively, and recorded a net profit of RMB16.2 million for the year ended December 31, 2025.

SUMMARY

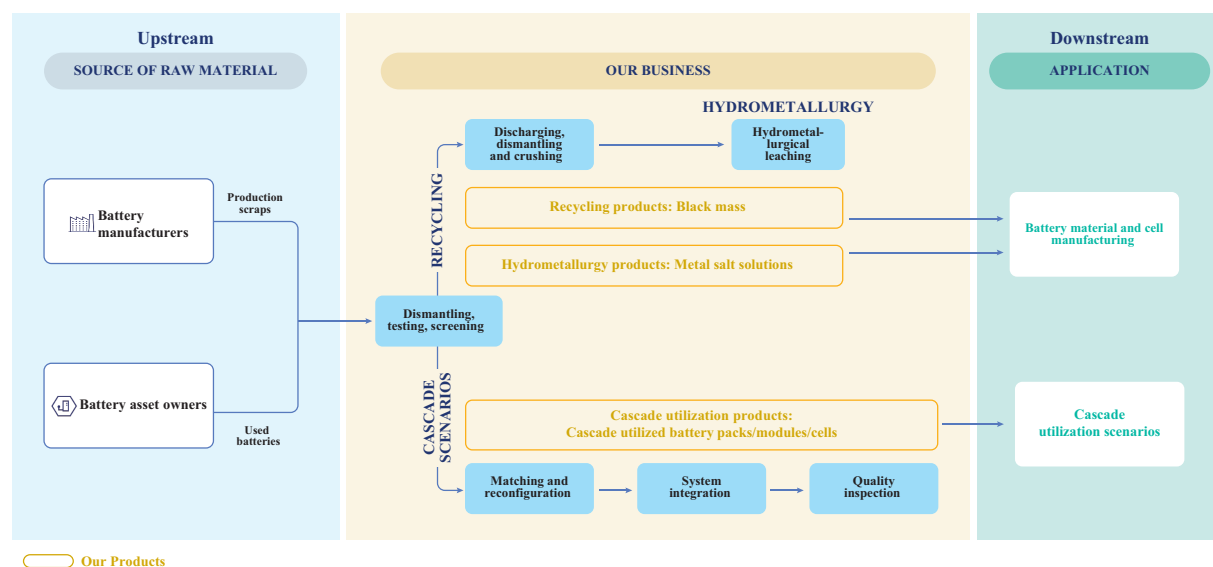
MARKET AND COMPETITION

According to CIC, China leads the development of the lithium battery recycling and material recovery industry, with both the global and Chinese markets entering a period of rapid growth. This expansion is driven by large-scale battery decommissioning, surging demand for recycled materials, and increasingly stringent global ESG and compliance requirements, alongside a clear trend of rising industry concentration, as resources gravitate toward qualified enterprises with technological and diversified channel advantages. According to CIC, key competitive factors in our sector include stable, diversified used battery sourcing, integrated comprehensive processing capabilities, and a globally aligned industrial chain footprint. We believe our large-scale production capacity, robust supply network, strong R&D capabilities, premium product offerings, and established customer partnerships equip us to compete effectively.

Competition in our industry mainly centers on securing upstream supply channels, building integrated industrial chain processing capabilities, technological innovation, platform expandability, product pricing, the quality and diversity of solutions, financial strength, and customer acquisition and retention. Furthermore, when entering new markets, we may face intense competition from established local players and other companies with similar expansion targets, and there can be no assurance that we will be able to successfully expand our coverage or complete strategic acquisitions.

OUR BUSINESS MODEL

We focus on lithium battery recycling and material recovery. Amid upcoming large-scale battery decommissioning, our business supports global new energy sustainability, aligning with China’s dual carbon goals and international carbon neutrality targets while addressing used battery related challenges, such as improper disposal, environmental risks and low resource utilization efficiency.



We have built an integrated closed-loop business model covering three business lines: recycling, hydrometallurgy and cascade utilization. For the recycling business, we physically disassemble lithium battery production scraps such as electrode sheets and wound cores, as well as used batteries without cascade utilization value. Through disassembly, crushing, separation and sorting, we produce black mass

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containing multiple valuable metals. Black mass can be further processed via our in-house hydrometallurgy lines or sold directly. We also carry out LFP cathode material regeneration by processing sourced LFP electrode sheets and wound cores via precision cleaning, impurity removal and structural reconditioning to produce qualified LFP high-purity electrode powder for downstream manufacturers. Our hydrometallurgy business processes black mass through chemical reduction reactions to generate mixed solutions containing valuable metals, which serve as core raw materials for lithium battery production. In the cascade utilization business, we reconfigure used battery packs, modules and cells following a full set of standard procedures and sell the finished products to downstream customers.

The table below sets forth a breakdown of the sales volume and average selling price of our major products for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	Sales Volume	Average Selling Price ⁽¹⁾ (RMB/ton or RMB/ kWh)	Sales Volume	Average Selling Price ⁽¹⁾ (RMB/ton or RMB/ kWh)	Sales Volume	Average Selling Price ⁽¹⁾ (RMB/ton or RMB/ kWh)
Recycling products (ton)	24,246	40,289	37,353	26,334	49,342	24,935
Hydrometallurgy products (ton)	–	–	4,248	6,072	26,086	7,165
Cascade utilization products (kWh)	314,296	576	628,283	256	394,393	209

Note:

(1) Average selling price is calculated as revenue for the year divided by sales volume for the same year.

During the Track Record Period, we derived our revenue primarily from the sales of three categories of products: (i) recycling products, primarily including ternary black mass, LFP black mass, LFP high-purity electrode powder and related by-products; (ii) hydrometallurgy products, primarily including mixed metal salt solutions; and (iii) cascade utilization products, primarily including reconfigured battery packs, modules and cells. The following table sets forth a breakdown of our revenue by business line for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Recycling products	976,838	84.4	983,652	84.1	1,230,348	82.0
Hydrometallurgy products	–	–	25,795	2.2	186,899	12.5
Cascade utilization products	181,107	15.6	160,809	13.7	82,370	5.5
Others ⁽¹⁾	–	–	276	*	–	–
Total	<u>1,157,945</u>	<u>100.0</u>	<u>1,170,532</u>	<u>100.0</u>	<u>1,499,617</u>	<u>100.0</u>

* Below 0.05

Note:

(1) Representing the sale of an equipment.

SUMMARY

PRODUCTION

We manufacture black mass, LFP high-purity electrode powder, metal salt solutions, and cascade utilization products based on the applications and requirements of customers. We have two production bases in Jiangmen, Guangdong Province and Liyang, Jiangsu Province, respectively, in China. Our production team consisted of 163 members as of the Latest Practicable Date.

The table below sets forth a summary of our processing capacity and utilization rate of our production facilities by location and business line for the years indicated:

	Year ended December 31,								
	2023			2024			2025		
	Processing capacity	Actual processing volume	Utilization rate	Processing capacity	Actual processing volume	Utilization rate	Processing capacity	Actual processing volume	Utilization rate
	(ton)	(ton)	(%)	(ton)	(ton)	(%)	(ton)	(ton)	(%)
Jiangmen Base									
Recycling products	14,080	13,058	92.7	25,600	18,220	71.2	19,200 ⁽⁴⁾	17,661	92.0
Hydrometallurgy products ⁽¹⁾	–	–	–	3,000 ⁽¹⁾	851 ⁽¹⁾	28.4	12,000	4,263	35.5
Jiangsu Base⁽²⁾									
Recycling products	2,080	1,116	53.6	12,704 ⁽⁵⁾	10,275	80.9	27,264 ⁽⁴⁾	26,065	95.6
Huizhou Production Facility⁽³⁾									
Recycling products	7,680	5,492	71.5	640 ⁽⁶⁾	274	42.8	–	–	–

Notes:

- (1) Processing capacity and actual processing volume of the Jiangmen Base for hydrometallurgy products in 2024 cover our trial production in October and formal production in November and December in the same year. Our utilization rates in 2024 and 2025 were relatively low mainly because we were in a ramp-up phase of the newly commissioned production line.
- (2) Jiangsu Base did not conduct hydrometallurgy business during the Track Record Period.
- (3) Huizhou Production Facility was disposed in June 2024 as part of our strategy to streamline operations. Huizhou Production Facility did not conduct hydrometallurgy business prior to the disposal.
- (4) The decrease in the processing capacity of recycling products at our Jiangmen Base in 2025 and the corresponding increase in the processing capacity at our Jiangsu Base in 2025 were primarily attributable to the relocation of certain production lines from Jiangmen Base to Jiangsu Base.
- (5) The increase in the processing capacity was primarily attributable to the commissioning of additional recycling production lines at our Jiangsu Base in 2024.
- (6) The decrease in the processing capacity at Huizhou Production Facility was mainly because Huizhou Production Facility only operated for one month in 2024.

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- (7) The processing capacity of our production lines is primarily designed and dimensioned based on the weight of raw materials fed into the production lines. Our processing capacity is estimated based on the assumption that our production lines operate for 16 hours per day by our employees for relevant working days during the relevant year, with due consideration given to scheduled production line adjustment, maintenance, upgrades and downtime.
- (8) Utilization rate equals actual processing volume for the relevant years divided by processing capacity for the relevant years.
- (9) Processing capacity and utilization rate are not applicable to our cascade utilization business because we produce non-standard products based on variations in incoming raw materials and differing customer requirements.

OUR STRENGTHS AND STRATEGIES

We believe that the following are our competitive strengths contribute to our success and position us for continued growth: (i) we are a world-leading independent lithium battery recycling and material recovery solution provider; (ii) establishment of stable upstream and downstream industrial connections and a full-channel ecological network across the industry; (iii) strong R&D capability forging our full-form processing advantages and advanced process technologies; and (iv) skilled industry team, high-quality corporate culture and diversified shareholder support.

We plan to further strengthen our leading position by implementing the following business strategies: (i) further enhance the lithium battery recycling and material recovery capacity, expand market share and elevate industry position; (ii) vigorously expand overseas markets and implement global development plans by fully leveraging our technological and channel advantages; (iii) further upgrade existing production processes, increase R&D investment in future recycling technologies, and lead the trend of battery material recycling technologies; and (iv) integrate lithium battery recycling and material recovery enterprises, expand business coverage and consolidate our leading position.

CUSTOMERS AND SUPPLIERS

Our customers are primarily manufacturers of batteries and battery materials. In 2023, 2024 and 2025, revenue from our five largest customers for each year during the Track Record Period amounted to RMB531.2 million, RMB499.8 million, and RMB443.2 million respectively, representing approximately 45.9%, 42.7% and 29.5% of our total revenue during the respective year. For further details, see “Business — Our Customers.”

Our suppliers are primarily battery manufacturers, EV OEMs, automobile insurance companies and energy storage operators in China. In 2023, 2024 and 2025, purchases from our five largest suppliers for each year during the Track Record Period amounted to RMB651.6 million, RMB294.7 million, and RMB289.7 million, respectively, representing approximately 49.5%, 27.0% and 21.3% of our total purchase amount during the respective year. For further details, see “Business — Our Suppliers.”

SUMMARY

As of the Latest Practicable Date, none of our Directors, their associates or any shareholders which, to the knowledge of our Directors, owned more than 5% of the issued share capital of the Company as of the Latest Practicable Date, had any interest in our five largest customers or suppliers for each year during the Track Record Period.

COMPLIANCE AND LEGAL PROCEEDINGS

As of the Latest Practicable Date, there were no litigations or arbitration proceedings or administrative proceedings pending or threatened against us or any of our Directors which would individually or in the aggregate, had 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. During the Track Record Period and up to the Latest Practicable Date, we had complied in all material respects with the applicable laws and regulations relating to our business operations.

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SUMMARY OF KEY FINANCIAL INFORMATION

Summary of Consolidated Statements of Profit or Loss

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

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Revenue	1,157,945	1,170,532	1,499,617
Cost of sales			
Cost of sales of goods	(1,147,021)	(1,135,599)	(1,373,707)
Impairment losses on inventories	<u>(76,870)</u>	<u>(34,290)</u>	<u>(22,836)</u>
Gross (loss)/profit	<u>(65,946)</u>	<u>643</u>	<u>103,074</u>
Other income and gains	13,558	22,545	17,099
Selling and distribution expenses	(3,475)	(3,524)	(4,997)
Administrative expenses	(53,738)	(64,397)	(52,799)
Research and development expenses	(33,881)	(32,717)	(24,361)
Impairment reversal/(losses) on financial assets, net	330	(3,591)	(1,593)
Other expenses	(820)	(470)	(4,280)
Finance costs	<u>(7,399)</u>	<u>(13,541)</u>	<u>(15,902)</u>
(Loss)/Profit before tax	(151,371)	(95,052)	16,241
Income tax expense	<u>—</u>	<u>—</u>	<u>—</u>
(Loss)/Profit for the year	<u><u>(151,371)</u></u>	<u><u>(95,052)</u></u>	<u><u>16,241</u></u>

Our revenue increased by 1.1% from RMB1,157.9 million for the year ended December 31, 2023 to RMB1,170.5 million for the year ended December 31, 2024, which was primarily due to an increase in revenue from sales of hydrometallurgy products and recycling products, partially offset by a 11.2% decrease in revenue from sales of cascade utilization products. Our revenue increased by 28.1% from RMB1,170.5 million for the year ended December 31, 2024 to RMB1,499.6 million for the year ended December 31, 2025, which was primarily due to a 25.1% increase in revenue from sales of recycling products and a 624.6% increase in revenue from sales of hydrometallurgy products, partially offset by a 48.8% decrease in revenue from sales of cascade utilization products.

We record a gross loss of RMB65.9 million for the year ended December 31, 2023 and a gross profit of RMB0.6 million for the year ended December 31, 2024. The turnaround from gross loss to gross profit for the year ended December 31, 2024, was primarily attributable to an increase in gross profit from our recycling products from RMB0.3 million for the year ended December 31, 2023 to RMB34.2 million for the year ended December 31, 2024. We recorded an overall-gross loss margin of 5.7% for the year ended December 31, 2023 and gross profit margin of 0.1% for the year ended December 31, 2024. Our gross profit increased significantly from RMB0.6 million for the year ended December 31, 2024 to RMB103.1 million for the year ended December 31, 2025, primarily attributable

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to (i) an increase in gross profit from recycling products from RMB34.2 million for the year ended December 31, 2024 to RMB97.4 million for the year ended December 31, 2025; and (ii) a 33.4% reduction in impairment losses on inventories from RMB34.3 million for the year ended December 31, 2024 to RMB22.8 million for the year ended December 31, 2025. Our overall gross profit margin increased from 0.1% for the year ended December 31, 2024 to 6.9% for the year ended December 31, 2025, primarily due to the increase in gross profit margins of recycling products and cascade utilization products. See “Financial Information — Description of Major Components in Our Statements of Profit or Loss.”

Non-IFRS Measures

To supplement our consolidated financial statements that are presented in accordance with IFRS, we also used adjusted net profit or loss (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) as additional financial measures, which are not required by or presented in accordance with IFRS. We believe that the non-IFRS measures provide useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of non-IFRS measures may not be comparable to similarly titled measures presented by other companies. The uses of non-IFRS measures have limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for an analysis of, our results of operations or financial condition as reported under IFRS.

We define adjusted net profit or loss (non-IFRS measure) as profit or loss for the year adjusted by adding back share-based payment expenses. We define adjusted EBITDA (non-IFRS measure) as adjusted net profit or loss (non-IFRS measure) adding back depreciation of property, plant and equipment, depreciation of right-of-use assets, amortization of intangible assets, net finance costs and income tax expense.

The following table sets forth a reconciliation of our adjusted net profit or loss (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) during the Track Record Period to the most directly comparable financial measure calculated and presented in accordance with IFRS, which is profit or loss for the year.

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
(Loss)/profit for the year	(151,371)	(95,052)	16,241
Add:			
Share-based payment expenses	2,229	2,165	(1,732)
Adjusted (loss)/profit (non-IFRS measure)	(149,142)	(92,887)	14,509
Add:			
Depreciation of property, plant and equipment	3,412	9,168	29,099
Depreciation of right-of-use assets	10,151	12,560	7,486
Amortization of intangible assets	556	551	545
Finance costs	7,399	13,541	15,902
Income tax expense	—	—	—
Adjusted EBITDA (non-IFRS measure)	<u>(127,624)</u>	<u>(57,067)</u>	<u>67,541</u>

SUMMARY

Summary of Consolidated Statements of Financial Position

The following table sets forth selected information from our consolidated statements of financial position as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Total current assets	460,953	475,170	591,188
Total non-current assets	<u>423,265</u>	<u>540,640</u>	<u>551,929</u>
Total assets	<u>884,218</u>	<u>1,015,810</u>	<u>1,143,117</u>
Total current liabilities	204,073	405,718	493,135
Total non-current liabilities	<u>260,679</u>	<u>281,255</u>	<u>306,816</u>
Total liabilities	<u>464,752</u>	<u>686,973</u>	<u>799,951</u>
Net current assets	<u>256,880</u>	<u>69,452</u>	<u>98,053</u>
Net assets	<u>419,466</u>	<u>328,837</u>	<u>343,166</u>

Our net current assets increased from RMB69.5 million as of December 31, 2024 to RMB98.1 million as of December 31, 2025 primarily due to (i) an increase of RMB49.8 million in financial assets as fair value through profit or loss; and (ii) an increase of RMB33.5 million in trade and bills receivables, partially offset by an increase of RMB63.4 million in trade and bills payables.

We had a net assets position as of December 31, 2023, 2024 and 2025. Our net assets decreased from RMB419.5 million as of December 31, 2023 to RMB328.8 million as of December 31, 2024, which was primarily attributable to our total comprehensive loss of RMB95.1 million for the year ended December 31, 2024. Our net assets increased from RMB328.8 million as of December 31, 2024 to RMB343.2 million as of December 31, 2025, which was primarily attributable to our total comprehensive income of RMB16.1 million for the year ended December 31, 2025. See “Consolidated Statements of Changes in Equity” in the Accountants’ Report in Appendix I to this document for further details.

SUMMARY

Summary of Consolidated Cash Flow Statements

The following table sets forth selected cash flow data from our consolidated statements of cash flows for the years indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Net cash flows (used in)/generated			
from operating activities	(268,524)	(48,991)	86,549
Net cash flows used in investing activities	(219,884)	(132,870)	(153,422)
Net cash flows generated from financing activities	<u>487,249</u>	<u>205,943</u>	<u>78,186</u>
Net (decrease)/increase in cash and cash equivalents	(1,159)	24,082	11,313
Cash and cash equivalents at beginning of year	<u>58,622</u>	<u>57,463</u>	<u>81,545</u>
Effect of foreign exchange rate changes, net	—	—	(95)
Cash and cash equivalents at end of year	<u><u>57,463</u></u>	<u><u>81,545</u></u>	<u><u>92,763</u></u>

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios as of the dates or for the years indicated:

	As of/For the year ended December 31,		
	2023	2024	2025
Net (loss)/profit margin ⁽¹⁾ (%)	(13.1)	(8.1)	1.1
Current ratio ⁽²⁾ (Times)	2.3	1.2	1.2
Quick ratio ⁽³⁾ (Times)	1.1	0.8	0.8
Gearing ratio ⁽⁴⁾ (%)	99.1	162.7	172.6

Notes:

- (1) Net profit margin equals to net profit for the year divided by revenue for the year and multiplied by 100%.
- (2) Current ratio is calculated based on total current assets divided by total current liabilities.
- (3) Quick ratio is calculated based on total current assets less inventories divided by total current liabilities.
- (4) Gearing ratio is calculated based on total indebtedness (including bank borrowings and lease liabilities) divided by total equity and multiplied by 100%.

SUMMARY

RISK FACTORS

We believe there are certain risks and uncertainties involved in investing in our H Shares, some of which are beyond our control. See “Risk Factors” for details, which we urge you to read in full before making an investment in our H Shares. In any such case, the market price of our H Shares could decline, and you may lose all or part of your investments. Some of the major risks we face include: (i) our business is exposed to price fluctuations in raw materials; (ii) we depend on maintaining and increasing raw material supply commitments as well as securing new sources of supply; (iii) we face intense competition in the lithium battery recycling and material recovery industry; (iv) if we are unable to retain existing customers and attract new customers, our business, financial conditions and results of operations will be adversely affected. Specifically, some of our major customers contributed a significant portion of our revenues during the Track Record Period. If these customers reduce or terminate business with us, our business, results of operations, financial condition and growth prospects may be materially and adversely affected; (v) our historical results of operations and financial performance may not be indicative of our future performances; (vi) we may face risks associated with enhancing our manufacturing capabilities, including production difficulties and fluctuations in utilization rates, any of which may materially and adversely affect our business, financial condition and results of operations; and (vii) changes in the volume, composition and quality of lithium battery recycling raw materials processed at our facilities could significantly impact our financial conditions and results of operations.

[REDACTED] EXPENSES

[REDACTED] expenses represent professional fees, [REDACTED] and other fees incurred in connection with the [REDACTED]. We expect to incur total [REDACTED] expenses of approximately RMB[REDACTED] million (assuming the [REDACTED] is not exercised and based on the [REDACTED] of HK\$[REDACTED] per [REDACTED], being the mid-point of the indicative [REDACTED] range), representing [REDACTED]% of the [REDACTED] of the [REDACTED] assuming no H Shares are issued pursuant to the [REDACTED]. The total [REDACTED] expenses consist of (i) approximately RMB[REDACTED] million [REDACTED] related expenses (including [REDACTED], SFC transaction levy, Stock Exchange trading fees and AFRC transaction levy); and (ii) approximately RMB[REDACTED] million [REDACTED] related expenses (including (a) fees and expenses of legal advisors and reporting accountants of approximately RMB[REDACTED] million; and (b) other fees and expenses of approximately RMB[REDACTED] million). During the Track Record Period, we did not incur any [REDACTED] expenses. We expect to incur additional [REDACTED] expenses of approximately RMB[REDACTED] million after the Track Record Period, approximately RMB[REDACTED] million of which is expected to be charged to our statements of profit or loss, and approximately RMB[REDACTED] million of which is attributable to the issue of H Shares and will be deducted from equity upon the [REDACTED]. The [REDACTED] expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

USE OF [REDACTED]

We estimate that we will receive [REDACTED] of approximately HK\$[REDACTED] million after deducting the [REDACTED] fees and expenses payable by us in the [REDACTED], assuming no exercise of the [REDACTED] and assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED], being the mid-point of the [REDACTED] stated in this Document. We intend to use the [REDACTED]

SUMMARY

from the [REDACTED] for the following purposes: (i) approximately [REDACTED]% (or HK\$[REDACTED] million) is expected to be allocated to the construction of a recycling and dismantling plant located in Jiangmen City, Guangdong Province (the “Jiangmen Phase II Plant”) within the next two years; (ii) approximately [REDACTED]% (or HK\$[REDACTED] million) will be allocated to the production line expansion project of LFP repair materials at our Jiangsu Base within the next two years; (iii) approximately [REDACTED]% (or HK\$[REDACTED] million) will be allocated to the construction and enhancement of our R&D, to upgrade our new product R&D capabilities, reinforce overall R&D capacity and sustain our leading market position; (iv) approximately [REDACTED]% (or HK\$[REDACTED] million) will be allocated to the repayment of the principal amounts and accrued interest of certain borrowings from five banks in China, in order to improve our gearing ratio and reduce finance costs ; (v) approximately [REDACTED]% (or HK\$[REDACTED] million) will be allocated to the establishment and development of our overseas presence to promote our products in overseas market, thereby driving the expansion of our global customer base and business reach; and (vi) approximately [REDACTED]% (or HK\$[REDACTED] million) will be used for our working capital and general corporate purposes.

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, our Company was owned as to approximately (i) 29.96% by Shenzhen Jiecheng Investment, which was owned as to approximately 90% by Mr. Zheng and 10% by Yang Manna (楊漫娜); (ii) 9.81% by Mr. Zheng; (iii) 19.87% by Shenzhen Jiecheng Enterprise Management, which in turn was 16.5736% owned by Mr. Zheng as its general partner; (iv) 5.24% by Shenzhen Jiecheng Mingchahui, which in turn was 27% owned by Mr. Zheng as its general partner; (v) 5.23% by Shenzhen Jiecheng Zhiyuan, which in turn was 66.8863% owned by Mr. Zheng as its general partner; and (vi) 5.27% by Shenzhen Yongchangxuan, which in turn was 14.2856% owned by Mr. Zheng as its general partner. As Mr. Zheng, Shenzhen Jiecheng Investment, Shenzhen Jiecheng Enterprise Management, Shenzhen Jiecheng Mingchahui, Shenzhen Jiecheng Zhiyuan and Shenzhen Yongchangxuan had collectively controlled the exercise of approximately 75.37% voting rights at the general meetings of the Company, Mr. Zheng, Shenzhen Jiecheng Investment, Shenzhen Jiecheng Enterprise Management, Shenzhen Jiecheng Mingchahui, Shenzhen Jiecheng Zhiyuan and Shenzhen Yongchangxuan are considered to be a group of Controlling Shareholders.

Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Mr. Zheng, Shenzhen Jiecheng Investment, Shenzhen Jiecheng Enterprise Management, Shenzhen Jiecheng Mingchahui, Shenzhen Jiecheng Zhiyuan and Shenzhen Yongchangxuan will collectively hold approximately [REDACTED]% of our total issued Shares. Accordingly, Mr. Zheng, Shenzhen Jiecheng Investment, Shenzhen Jiecheng Enterprise Management, Shenzhen Jiecheng Mingchahui, Shenzhen Jiecheng Zhiyuan and Shenzhen Yongchangxuan will remain as our Controlling Shareholder Group immediately after [REDACTED]. For details, please refer to “Relationship with our Controlling Shareholders” in this document.

[REDACTED] INVESTORS

In order to further develop our Group’s business, several [REDACTED] Investors, including Yuecai Investment, Shanghai Guangpu, Nantong Wujie, Xinyu Xinye, Hengqin Yixing, Shenzhen Jinteng, Shanghai Yunjuan, Qianhai Hongtu, Zhaoqing Hongwan Boguan, Shenzhen Venture Capital Xinjiang, Huzhou Zifeng, Xinhui Xinkong, Shenzhen Herong, Shenzhen Venture Capital, Liyang Investment Fund, Shenzhen Jundacheng Xinyu Weisen, Guangdong Shuishi, Wu Haimin (吳海敏), Wu

SUMMARY

Lijue (吳理覺), Huang Shaobo (黃少波), Huang Zitao (黃梓濤), Yang Xiaoming (楊曉明), Lin Yi (林翊) and Huang Jian (黃堅) invested in our Group and become our Shareholders. For details, please refer to “History, Development and Corporate Structure — [REDACTED] Investments” in this document.

[REDACTED] STATISTICS

[REDACTED]

DIVIDENDS AND DIVIDEND POLICY

No dividend has been paid or declared by our Company during the Track Record Period. We currently do not have a fixed dividend payout ratio. Any future determination to declare and pay any dividends will be at the discretion of our Board and will depend on, among other things, our earnings, financial condition, capital requirements, level of indebtedness, statutory and contractual restrictions applying to the payment of dividends and other considerations that our Board deems relevant. In addition, any final dividends for a financial year will be subject to our Shareholders’ approval.

SUMMARY

According to relevant PRC laws, any future net profit that we make will have to be first applied to make up for our historically accumulated losses, 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 will, therefore, only be able to declare dividends after: (i) all our historically accumulated losses have been made up for; and (ii) we have allocated sufficient net profit to our statutory common reserve fund as described above.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

We continued to experience business growth after December 31, 2025. Our revenue in the first quarter of 2026 increased compared to the same period in 2025. We maintained steady business operations during the period.

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 and trading position or prospects since December 31, 2025, and there is no event since December 31, 2025 which would materially affect the information shown in the Accountants’ Report in Appendix I to this document.

DEFINITIONS

In this document, unless the context otherwise requires, the following terms and expressions have the meanings set forth below.

“affiliate”	any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“AFRC”	the Accounting and Financial Reporting Council of Hong Kong
“Articles of Association” or “Articles”	the articles of association of our Company, as amended, which shall become effective on the [REDACTED], a summary of which is set out in Appendix V to this document
“Audit Committee”	audit committee of the Board
“Board” or “Board of Directors”	the Board of Directors of our Company
“[REDACTED]”	the [REDACTED] as named in the section headed “Directors and Parties Involved in the [REDACTED]” in this document
“Business Day” or “business day”	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for normal banking business to the public
“CAGR”	compound annual growth rate
“[REDACTED]”	[REDACTED]
“China” or “PRC”	the People’s Republic of China, excluding, for the purpose of this document only, Hong Kong, Macau and Taiwan
“CIC” or “China Insights Consultancy”	China Insights Industry Consultancy Limited, our industry consultant, an independent market research and consulting company
“CIC Report”	the industry report commissioned by our Company and independently prepared by CIC, summary of which is set forth in the section headed “Industry Overview” in this document
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies (Winding up and Miscellaneous Provisions) Ordinance”	the Companies (Winding up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“Company”, “our Company”	Shenzhen Jiecheng New Energy Technology Co., Ltd.* (深圳杰成新能源科技股份有限公司), (formerly known as Shenzhen Jiecheng Nickel Cobalt New Energy Technology Co., Ltd.* (深圳市杰成镍钴新能源科技股份有限公司), a limited liability company incorporated in the PRC on January 10, 2012, which was converted into a joint stock company with limited liability on March 19, 2026
“Controlling Shareholder(s)” or “Controlling Shareholder Group”	has the meaning ascribed thereto under the Listing Rules and unless the context requires otherwise, refers to the group of Controlling Shareholders of Mr. Zheng, Shenzhen Jiecheng Investment, Shenzhen Jiecheng Enterprise Management, Shenzhen Jiecheng Mingchahui, Shenzhen Jiecheng Zhiyuan and Shenzhen Yongchangxuan, see “Relationship with our Controlling Shareholders” in this document for details
“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	The director(s) of the Company
“EIT Law”	Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), as amended, supplemented or otherwise modified from time to time
“Exchange Participant(s)”	a person: (a) who, in accordance with the Hong Kong Listing Rules, may trade on or through the Hong Kong Stock Exchange; and (b) whose name is entered in a list, register or roll kept by the Hong Kong Stock Exchange as a person who may trade on or through the Hong Kong Stock Exchange
“Extreme Conditions”	extreme conditions caused by a super typhoon as announced by the government of Hong Kong
“[REDACTED]”	[REDACTED]
“GAAP”	Generally Accepted Accounting Principles
“[REDACTED]”	[REDACTED]
“Group,” “our Group,” “we” or “us”	our Company and our subsidiaries at the relevant time or, where the context so requires, in respect of the period before our Company became the holding company of our present subsidiaries, the business operated by such subsidiaries or their predecessors (as the case may be)

DEFINITIONS

“H Share(s)”	the ordinary share(s) in the share capital of our Company with a nominal value of RMB[REDACTED] per H Share, which is/are to be subscribed for and traded in HK dollars and to be [REDACTED] on the Hong Kong Stock Exchange
“[REDACTED]”	[REDACTED]
“HK\$” or “HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“Hong Kong” or “HK”	Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules” or “Listing Rules”	Rules Governing the Listing of Securities on The Exchange of Hong Kong Limited (as amended from time to time)

DEFINITIONS

“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“IFRSs”	International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by the International Accounting Standards Board and the International Accounting Standards and interpretation issued by the International Accounting Standards Committee
“Independent Third Party(ies)”	person(s) or company(ies) and their respective ultimate beneficial owner(s), who/which, to the best of our Directors’ knowledge, information and belief, having made all reasonable enquiries, is/are not connected with our Company or our connected persons as defined under the Listing Rules
“Industry Consultant”	China Insights Consultancy Limited, the industry consultant of our Company
“Industry Report”	a commissioned industry report prepared by China Insights Consultancy

DEFINITIONS

“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“Jiangmen Jiecheng”	Guangdong Jiecheng New Energy Materials Technology Co., Ltd.* (廣東杰成新能源材料科技有限公司), a limited company established in the PRC on August 23, 2021, which is a wholly-owned subsidiary of the Company
“Jiangsu Jiecheng”	Jiangsu Jiecheng New Energy Technology Co., Ltd.* (江蘇杰成新能源科技有限公司), a limited company established in the PRC on October 17, 2022, which is a wholly-owned subsidiary of the Company
“Jiecheng HK”	Jiecheng New Energy Group Co., Ltd.* (傑成新能源集團有限公司), a limited company established in Hong Kong on September 4, 2023, which is a wholly-owned subsidiary of the Company
“Jiecheng Recycling”	Jiecheng Recycling (Shenzhen) Supply Chain Co., Ltd.* (杰成循環(深圳)供應鏈有限公司), a limited company established in the PRC on July 28, 2021, which is a wholly-owned subsidiary of the Company
“Latest Practicable Date”	May 22, 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this document prior to its publication

DEFINITIONS

“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“Main Board”	the stock market (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with the GEM of the Hong Kong Stock Exchange
“MOF”	the Ministry of Finance of the PRC (中華人民共和國財政部)
“MOFCOM”	the Ministry of Commerce of the PRC (中華人民共和國商務部)
“Mr. Zheng Weipeng” or “Mr. Zheng”	our Chairman of our Board, executive Director, general manager and Controlling Shareholder
“NASDAQ”	the National Association of Securities Dealers Automated Quotations Stock Market
“NDRC”	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
“Nomination Committee”	the nomination committee of the Board
“NPC”	the National People’s Congress of the PRC (中華人民共和國全國人民代表大會)
“[REDACTED]”	[REDACTED]

DEFINITIONS

“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“PBOC”	the central bank of the People’s Republic of China (中國人民銀行)
“PRC GAAP”	generally accepted accounting principles of the PRC
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“document”	this document being issued in connection with the [REDACTED]
“R&D”	research and development
“Regulation S”	Regulation S under the U.S. Securities Act
“Remuneration and Appraisal Committee”	the remuneration and appraisal committee of the Board Committee
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SAFE”	the State Administration of Foreign Exchange of the PRC (中國國家外匯管理局)
“SAMR”	the State Administration for Market Regulation (國家市場監督管理總局)

DEFINITIONS

“SASAC”	State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會)
“SAT”	the State Administration of Taxation of the PRC (中國國家稅務總局)
“Securities Law”	the Securities Law of the PRC (中華人民共和國證券法), as amended, supplemented or otherwise modified from time to time
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) with nominal value of RMB[REDACTED] each in the share capital of our Company, comprising our [REDACTED] and our H Shares
“[REDACTED]”	the [REDACTED] immediately prior to the [REDACTED], pursuant to which each of our Share with par value of RMB[REDACTED] will be subdivided into [REDACTED] with par value of RMB[REDACTED] each
“Shareholders(s)”	holder(s) of the Share(s)
“Shenzhen Jiecheng Enterprise Management”	Shenzhen Jiecheng Enterprise Management Partnership Enterprise (Limited Partnership)* (深圳市杰成企業管理合夥企業(有限合夥)), a limited liability partnership established in the PRC on May 25, 2022 and our share holding platform, which is our Controlling Shareholder, see “History, Development and Corporate Structure”, “Relationship with Our Controlling Shareholders” and “Substantial Shareholder” in this document for details
“Shenzhen Jiecheng Investment”	Shenzhen Jiecheng Investment Consulting Co., Ltd.* (深圳市杰成投資諮詢有限公司), a limited liability company established in the PRC on June 29, 2021 and our share holding platform, which is our Controlling Shareholder, see “History, Development and Corporate Structure”, “Relationship with the Controlling Shareholder” and “Substantial Shareholder” in this document for details

DEFINITIONS

“Shenzhen Jiecheng Mingchehui”	Shenzhen Jiecheng Mingchehui Enterprise Management Partnership (Limited Partnership)* (深圳市杰成名車匯企業管理合夥企業(有限合夥)), a limited liability partnership established in the PRC on September 18, 2021 and our share holding platform, which is our Controlling Shareholder, see “History, Development and Corporate Structure”, “Relationship with Our Controlling Shareholders” and “Substantial Shareholder” in this document for details
“Shenzhen Jiecheng Zhiyuan”	Shenzhen Jiecheng Zhiyuan Enterprise Management Partnership (Limited Partnership)* (深圳市杰成致遠企業管理合夥企業(有限合夥)), a limited liability partnership established in the PRC on May 25, 2022 and our employee incentive holding platform, which is our Controlling Shareholder, see “History, Development and Corporate Structure”, “Relationship with Our Controlling Shareholders” and “Substantial Shareholder” in this document for details
“Shenzhen Yongchangxuan”	Shenzhen Yongchangxuan Enterprise Management Partnership Enterprise (Limited Partnership)* (深圳市永昌軒企業管理合夥企業(有限合夥)), a limited liability partnership established in the PRC on July 27, 2021 and our share holding platform, which is our Controlling Shareholder, see “History, Development and Corporate Structure”, “Relationship with Our Controlling Shareholders” and “Substantial Shareholders” in this document for details
“[REDACTED]”	[REDACTED]
“Sole Sponsor”	CMBC International Capital Limited
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“State Council”	the State Council of the PRC (中華人民共和國國務院)
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buybacks issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Track Record Period”	the three financial years ended December 31, 2023, 2024 and 2025
“[REDACTED]”	[REDACTED]

DEFINITIONS

“[REDACTED]”	[REDACTED]
“[REDACTED] Share(s)”	ordinary share(s) issued by our Company, with a nominal value of RMB[REDACTED] each (taking into account the [REDACTED]), which is/are not listed on any stock exchange
“U.S.” or “United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“U.S. Securities Act”	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
“US\$”, “USD” or “U.S. dollars”	United States dollars, the lawful currency of the United States
“Zhejiang Jiecheng”	Zhejiang Jiecheng New Energy Technology Co., Ltd.* (浙江杰成新能源科技有限公司), a limited company established in the PRC on January 2, 2025, which is a wholly-owned subsidiary of the Company
“%”	percent

In this document, the terms “associate,” “close associate,” “connected person,” “core connected person,” “connected transaction,” “subsidiaries” and “substantial shareholder” shall have the meanings given to such terms in the Hong Kong Listing Rules, unless the context otherwise requires.

Certain amounts and percentage figures included in this document have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

For ease of reference, the names of the PRC established companies or entities, laws or regulations have been included in this document in both the Chinese and English languages; in the event of any inconsistency, the Chinese versions shall prevail.

GLOSSARY OF TECHNICAL TERMS

This glossary contains definitions of certain technical terms used in this document in connection with our business. These terms and their given meanings may not correspond to industry standard definitions or usage of these terms.

“black mass”	a powder-like substance that contains valuable metals
“BMS”	battery management system, an electronic system that monitors, manages and protects battery cells and modules
“cascade utilization”	the reuse (which may or may not involve additional processing) of used rechargeable batteries in another application
“cobalt”	a chemical element with the symbol Co and atomic number 27
“cobalt sulfate”	a compound with the formula CoSO_4 that is soluble and red-colored. It is widely used as a raw material for producing ternary battery
“crude black mass”	unprocessed black mass purchased from external suppliers, which requires further processing and refinement, distinct from the black mass manufactured in-house
“CTC”	cell to chassis, an advanced battery integration technology that integrates battery cells directly into the vehicle chassis, omitting intermediate modules and independent battery packs to optimize structural rigidity, space utilization and energy density
“CTP”	cell to pack, a battery packaging technology that assembles battery cells directly into the battery pack without intermediate module assembly, simplifying structure, improving system energy density and reducing overall weight and cost
“DCS”	distributed control system, an automated industrial control system for process monitoring and regulation
“downgraded battery cells”	battery cells failing to meet specified quality, performance or safety criteria
“dual carbon goal”	a national goal of reaching peak carbon emissions by 2030 and carbon neutrality by 2060 set by the PRC government
“EV”	electric vehicle
“electrode sheets”	sheet-shaped components in a battery that are formed by coating active materials onto a metal foil substrate, typically includes a cathode and an anode

GLOSSARY OF TECHNICAL TERMS

“EPR”	extended producer responsibility, a regulatory principle requiring manufacturers to take responsibility for the collection, recycling, or disposal of products after consumer use
“ERP”	enterprise resource planning
“ESG”	environmental, social and governance
“ESS”	energy storage system, a system that stores surplus electrical energy and releases stored power as needed for various power application scenarios
“GFA”	gross floor area
“GHG”	greenhouse gas
“Grade A battery cells”	lithium battery cells that meet the quality, safety, and performance specifications established by original equipment manufacturers, characterized by full rated capacity, consistent voltage levels, and low internal resistance
“graphite”	a soft, crystalline form of carbon
“Greenhouse Gas Protocol”	a globally recognized standard for measuring and managing greenhouse gas emissions
“hydrometallurgy”	the technique or process of extracting metals involving the use of aqueous solutions
“iron phosphate”	a compound with the formula FePO_4 that is a white, off-white monoclinic crystal powder, and is mainly used to synthesize lithium iron phosphate battery cathode materials
“ISO 14001”	Environmental Management System released by ISO
“ISO 45001”	Occupational Health and Safety Management System released by ISO
“ISO 50001”	Energy Management System released by ISO
“ISO 9001”	International Quality Management System released by ISO
“jet mill”	mechanical grinding equipment using high-speed air flow to produce fine powder materials
“KPIs”	key performance indicators, quantifiable metrics used to measure business and operational performance

GLOSSARY OF TECHNICAL TERMS

“LCO”	lithium cobalt oxide, a type of cathode material typically used in lithium batteries
“LFP”	lithium iron phosphate or lithium ferrous phosphate, a battery chemistry widely used in electric vehicles and energy storage systems
“lithium”	a chemical element with the symbol Li and atomic number 3
“lithium-ion”	charged lithium ionic species serving as the core charge carrier in rechargeable battery systems
“lithium carbonate”	a lithium compound with the chemical formula Li_2CO_3 that can be dissolved in dilute acid and is commonly used for lithium battery materials
“lithium battery”	a general term covering two core types of lithium batteries, namely rechargeable lithium-ion batteries and non-rechargeable lithium primary batteries. In lithium-ion batteries, lithium ions move from the negative electrode through electrolytes to the cathode during discharging and move reversely when charging, while lithium primary batteries can only discharge once and are incapable of being recharged for repeated use
“lithium manganese iron phosphate”	an advanced LFP-based battery chemistry that incorporates manganese to improve energy density while retaining safety characteristics
“metal salt”	inorganic compound containing metal ions, used as raw material in battery material production
“mining”	the extraction of useful minerals or other geological materials from the crust, from an orebody, vein or coal seam
“MWh”	megawatt-hour, unit of electrical energy output or storage capacity
“NCA”	nickel cobalt aluminium, a ternary lithium battery cathode material containing nickel, cobalt and aluminium, featuring high energy density and good cycling performance
“NCM”	nickel cobalt manganese, a nickel-based active material used in the cathode of lithium batteries made up of nickel, cobalt and manganese in varying proportions
“NCM523/622/811”	common industry specifications of NCM, where the numbers 523, 622 and 811 denote that the molar ratio of nickel, cobalt and manganese is 5:2:3, 6:2:2 and 8:1:1, respectively
“NEV”	new energy vehicles

GLOSSARY OF TECHNICAL TERMS

“nickel sulfate”	a compound with the formula NiSO_4 that is soluble and blue-green-colored. It is widely used as a raw material for producing NEV ternary battery
“OA”	office automation, a new office solution that combines modern office affairs with computer technology
“pack”	complete battery assembly including modules, BMS, thermal system and enclosure for end-use applications
“ppm”	parts per million, unit for measuring very low concentrations of substances or impurities
“production scraps”	waste and non-conforming materials generated throughout lithium battery manufacturing processes. These scraps contain various levels of valuable metals such as lithium, cobalt, nickel and manganese, and are collected for recycling and resource recovery
“regenerated LFP cathode materials”	regenerated LFP cathode materials restored and performance-recovered via professional treatment, conforming to battery production standards for direct reuse
“silicon-carbon electrodes”	an anode material combining silicon and carbon, designed to increase battery energy density by enabling higher lithium storage capacity
“SMM”	Shanghai Metal Market
“sodium sulfate”	a compound with the formula Na_2SO_4 that is soluble and white-colored
“SOH”	state of health, a measurement indicating the overall condition and remaining capacity of a battery compared to its original capacity, expressed as a percentage
“sq.m.”	square meter(s)
“tCO ₂ e”	tons of carbon dioxide equivalent, an unit measuring greenhouse gas emissions
“ternary battery”	a lithium battery that uses a cathode made from three key metals, typically nickel, cobalt and either manganese or aluminium, offering higher energy density
“ton”	1 ton equals to 1,000 kilograms

GLOSSARY OF TECHNICAL TERMS

“used battery” a lithium battery that has been put into actual operation, covering two categories: one that has reached the end of its original service life, and the other that is withdrawn from use prior to expiry. It can be reused, repurposed or recycled accordingly

“WMS system” warehouse management system, a software for inventory storage, tracking and logistics control

FORWARD-LOOKING STATEMENTS

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

This document contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties, including the risk factors described in this document. Forward-looking statements can be identified by words such as “may,” “will,” “should,” “would,” “could,” “believe,” “expect,” “anticipate,” “intend,” “plan,” “continue,” “seek,” “estimate,” or the negative of these terms or other comparable terminology. Examples of forward-looking statements include, but are not limited to, statements we make regarding our projections, business strategy and development activities as well as other capital spending, financing sources, the effects of regulation, expectations concerning future operations, margins, profitability and competition. The foregoing is not an exclusive list of all forward-looking statements we make.

Forward-looking statements are based on our current expectations and assumptions regarding our business, the economy and other future conditions. We give no assurance that these expectations and assumptions will prove to have been correct. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Our results may differ materially from those contemplated by the forward-looking statements. They are neither statements of historical fact nor guarantees or assurances of future performance. We caution you therefore against placing undue reliance on any of these forward-looking statements. Important factors that could cause actual results to differ materially from those in the forward-looking statements include regional, national or global political, economic, business, competitive, market and regulatory conditions and the following:

- our business prospects;
- our business strategies and plans to achieve these strategies;
- future developments, trends and conditions in and competitive environment for the industries and markets in which we operate;
- general economic, political and business conditions in locations where we operate;
- our financial condition and performance;
- our capital expenditure plans;
- our dividend policy;
- changes to the regulatory environment, policies, operating conditions of and general outlook in the industries and markets in which we operate;
- our expectations with respect to our ability to acquire and maintain regulatory licenses or permits;
- the amount and nature of, and potential for, future development of our business;
- the actions of and developments affecting our competitors;

FORWARD-LOOKING STATEMENTS

- the actions of and developments affecting our major customers and suppliers; and
- certain statement in the sections headed “Risk Factors”, “Industry Overview”, “Regulatory Overview”, “Business”, “Financial Information”, “Relationship with the Controlling Shareholders” and “Future Plans and Use of [REDACTED]” with respect to trends in interest rates, foreign exchange rates, prices, volumes, operations, margins, risk management and overall market trends.

Any forward-looking statement made by us in this document speaks only as of the date on which it is made. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. Subject to the requirements of applicable laws, rules and regulations, we undertake no obligation to update any forward-looking statement, whether as a result of new information, future developments or otherwise. All forward-looking statements contained in this document are qualified by reference to this cautionary statement.

RISK FACTORS

You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an [REDACTED] in our H Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, financial condition and results of operations. In any such case, the [REDACTED] of our H Shares could decline, and you may lose all or part of your [REDACTED].

These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given will not be updated after the date hereof and is subject to the cautionary statements in the section titled “Forward-Looking Statements” in this document.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our business is exposed to price fluctuations in raw materials.

Our raw materials such as used batteries and production scraps have a great impact on our cost of sales. For the years ended December 31, 2023, 2024 and 2025, our cost of raw materials amounted to RMB1,111.8 million, RMB1,103.5 million, and RMB1,314.4 million, which represented 90.8%, 94.4%, and 94.2% of the total cost of sales in the same years, respectively. The prices of raw materials are subject to many factors, including global economic trends, regional industrial and environmental policies, the supply of used batteries and production scraps, downstream market demand for battery materials, market speculation, supply chain disruptions, and extreme weather or natural disasters and other factors which are beyond our control. Our purchase prices of raw materials generally move in tandem with the market prices of certain key metal salts and metals such as lithium carbonate, nickel sulfate and cobalt sulfate. The differences in discount rates reflect variations in metal content, and are influenced by changing supply and demand dynamics, which are beyond our control. We cannot assure you that we can secure adequate supplies of raw materials at commercially reasonable prices to meet our production requirements taking reference to the costs of the raw materials and manufacturing costs. Moreover, there is no assurance that we could transfer all the incremental costs resulting from the fluctuation of raw material prices to our customers. If raw material prices increase more rapidly than the selling prices of our products and/or we may not be able to source a sufficient supply of raw material at an acceptable level of quality or cost, our financial performance and operating results would be materially and adversely affected.

We depend on maintaining and increasing raw material supply commitments as well as securing new sources of supply.

We are reliant on obtaining used batteries and production scraps as raw materials for recycling and material recovery through suppliers. Our business is dependent on our ability to continually maintain existing suppliers and attract new suppliers based on the sustainability of our process and the supplier resource base, which in turn will enable us to offer competitive terms to suppliers. However, there can be no assurance that we will secure such commitments, which may be affected by factors that we do not control, such as market and economic conditions, the level of competition for raw materials, our ability to differentiate ourselves from our competitors to secure raw materials including on price and service delivery levels, financing arrangements, prices of raw materials, environmental issues and government

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approvals. Suppliers may change or delay supply under their contracts for any reason, including force majeure or government approval factors that are unrelated to us. Any decline in supply volume from existing suppliers, the discontinuation of any supplier relationships or an inability to source new supplier relationships could have a negative impact on our results of operations and financial condition.

Beyond supplier relationships, our business also relies on the timely and sufficient release of used batteries into the recycling market amid the projected EV battery retirement wave. Any material reduction in the volume of used batteries available for recycling, whether due to slower-than-expected vehicle retirements, extended battery service life, or alternative end-of-life arrangements, could constrain our raw material supply, adversely affect our ability to meet production targets, and materially and adversely impact our business, results of operations, financial condition and prospects. There can be no assurance that the expected supply of used batteries will materialize on a timely basis or at all.

We face intense competition in the lithium battery recycling and material recovery industry.

We face fierce competition in the lithium battery recycling and material recovery industry, which is characterized by a highly fragmented competitive landscape, and rapidly evolving regulatory frameworks. The sector faces increasing competition as new entrants are attracted by its significant growth potential, resulting in heightened innovation and dynamic market conditions.

We cannot assure you that we will maintain the current market position and that our market share will not decline in the future. Similar to us, the existing competitors may endeavor to increase their market shares through various measures, such as optimized production process, active marketing campaigns and continued R&D efforts. We may face competition from both existing and new competitors as we expand our business into new geographic markets and product categories. In addition, our competitors may have a longer operating history and greater financial, technical and other resources, enabling them to achieve more efficient cost management and to devote more resources to the cost control, promotion and sale of their products. Furthermore, intensified competition may lead to price fluctuations for both our products and the raw materials (used batteries and production scraps) we procure, as they are affected by the dynamics of the competitive market. Competitors in the lithium battery recycling and material recovery market are expanding their production capacity, which may outpace the demand and further impact market prices. We cannot assure that the profit margins of our business will remain stable or align with our expectations in the future. A significant or sustained decrease in our procurement costs may lead to customers being unwilling to honor contractual commitments based on pre-agreed pricing terms, a reduction in the value of our inventory resulting in asset write-downs, lower revenue and profit margins, or even suspension of production if operations become economically unviable. Conversely, a significant or sustained increase in our procurement costs or an increase in the selling prices of our products may prompt customers to seek alternative suppliers or materials, which could reduce demand for our services and products. As a result, if we fail to compete effectively or cannot keep up with other competitors in the market, we may be unable to retain or expand our market share, and our sales volume, profitability and overall business performance may be materially and adversely affected.

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Factors that adversely affect the industries in which our customers operate may reduce the downstream demand for our products, and our business, financial condition and results of operations may be thereby materially and adversely affected.

Our products, derived from recycling and material recovery of used batteries and production scraps, serve as key raw materials for manufacturing new lithium batteries. These new lithium batteries are typically applied in EV, ESS, consumer scenarios and other emerging applications. For example, the materials we produce, such as black mass and metal salt solutions, serve as key raw materials for manufacturing critical components of ternary precursors and cathode materials in the lithium battery supply chain. As a result, the demand for our products is driven by market forces and technical trends in those downstream markets. The downstream demands in those markets are affected by many factors, including government policies, technological development and upgrade, energy and infrastructure development, and macroeconomic conditions that influence social consumption habits.

Driven by supportive policies, rising disposable income and shifting consumer preferences toward EVs, demand for lithium batteries has grown. However, there is no assurance that the demand of the downstream markets for our products will continue to increase. In recent years, governments globally have been focused on developing the EV, ESS and consumer scenarios and have introduced generous incentives to encourage purchases. If those incentives are no longer in place, the demand for lithium batteries used in these scenarios may decline, and this may in turn negatively affect the sales for our products. The future development of the lithium battery industry is inherently uncertain and beyond our control, and there can be no assurance for its development in the future. If the downstream demand does not increase as we expect, the market demand for our products will decrease correspondingly, which may result in low utilization of our production capacity, and in turn materially and adversely affect our business, financial condition and results of operations.

We may not be able to economically and efficiently recycle used batteries and production scraps to meet the market demand.

Our business depends in large part on our ability to economically and efficiently recycle used batteries and production scraps to meet the market demand for an environmentally sound, closed-loop solution. Even if we are currently successful in high-volume recycling and material recovery in our current and future facilities, there can be no assurance that we will be able to do so without incurring significant production delays or cost overruns, including due to factors beyond our control, such as supplier-related issues, or our failure to meet the commercialization schedules for future recycling needs or to satisfy our customers’ requirements. Any failure to develop and scale our manufacturing processes and capabilities could have a material adverse effect on our business, results of operations and financial condition.

Our business operations and reputation are subject to risks relating to ESG. We are subject to environmental protection laws and regulations as well as the complex and evolving ESG requirements, which require us to devote substantial time and resources for compliance and could adversely affect our business and financial performance.

There is an increasing focus on corporate responsibility and a number of regulations and requirements on ESG performance pose reputational, regulatory and other risks to us. We believe that it is our responsibility to devote substantial time and resources to develop technology and products designed to reduce our carbon footprint and maintain environmentally friendly business operations. In

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addition, we have adopted a comprehensive set of ESG-related policies and procedures to ensure our long-term and sustainable growth and have established an ESG committee to oversee the implementation of these policies. See “Business — Environmental, Social and Governance” for further details. However, the process of developing new production technologies and enhancing existing production technologies to mitigate climate change is often complex, costly and uncertain, and we may pursue strategies or make investments that do not prove to be commercially successful in the expected timeframes, or at all. Furthermore, our ESG-related policies and procedures may not always be effective, or at all, to tackle the ESG-related risks to which we may be exposed.

Additionally, our business is subject to extensive and increasingly stringent environmental protection laws and regulations, which can make our construction and manufacturing activities more expensive or prohibit them altogether. In particular, our operations involve the handling and storage of toxic and hazardous substances and stringent environmental protection laws and regulations in China require us to adopt measures to effectively control and properly dispose solid and hazardous waste, waste gases, wastewater, noise and other environmental waste materials. There is no assurance that we will not be challenged or penalized for our non-compliance with environmental protection laws and regulations as the interpretations and requirements of the competent authorities may vary in the future. We have invested substantial resources into environmental protection measures, including recycling of wastewater, waste gas processing and systematic management for solid and hazardous waste to comply with environmental protection laws. In addition, new environmental issues could arise and lead to currently unanticipated investigations, assessments or costs.

Compliance with the evolving ESG requirements and relevant environmental protection laws and regulations requires additional investments of resources, and failure to comply could subject us to, among other things, legal liability, fines, suspension of production, a loss of licenses to operate certain facilities and other sanctions, interruptions to operations, securities litigation and a general loss of investor confidence, any one of which could have a material adverse impact on our business and financial performance. If we are unable to satisfy such new criteria or are unable to respond or perceived to be inadequately responding to sustainability concerns, investors may conclude that our policies with respect to corporate responsibility are inadequate and choose to stop investing in us. We risk damage to our brand and our reputation in the event that our corporate responsibility procedures or standards do not meet the standards set by various third parties. In addition, in the event that we communicate certain initiatives and goals regarding ESG matters, we could fail, or be perceived to fail, in our achievement of such initiatives or goals, or we could be criticized for the scope of such initiatives or goals. Any of these circumstances could cause negative publicity, and our business operations could be materially and adversely impacted.

The development of alternative battery technologies or energy storage solutions could materially and adversely affect our financial position and results of operations.

The battery and energy storage industry is characterized by rapid technological changes. We currently focus on recycling and material recovery of various types of used batteries and production scraps. The development and commercialization of alternative battery technologies or alternative energy storage solutions could materially and adversely affect our market share and overall financial condition. These technological changes could include new battery chemistries, alternative energy storage technologies, or improvements in existing technologies that could reduce battery material requirements or make recycling less economical. For example, developments in sodium-ion batteries, or other energy

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storage technologies could potentially reduce the demand for conventional lithium batteries and their materials. Additionally, improvements in battery longevity or efficiency could reduce the volume of batteries requiring recycling. If we fail to adapt our recycling processes to handle new technologies or if alternative technologies reduce the overall need for lithium battery recycling and material recovery, our business, financial condition and results of operations could be materially and adversely affected.

If we are unable to retain existing customers and attract new customers, our business, financial conditions and results of operations will be adversely affected. Specifically, some of our major customers contributed a significant portion of our revenues during the Track Record Period. If these customers reduce or terminate business with us, our business, results of operations, financial condition and growth prospects may be materially and adversely affected.

Our customers primarily consist of manufacturers of batteries and battery materials. There is no assurance that we could retain our existing customers or attract new customers as we did during the Track Record Period, or at all. If we fail to retain our existing customers or attract new customers in the future due to various factors, including our products not meeting customer requirements, uncompetitive pricing, inability to meet delivery schedules, or changes in customer procurement strategies, our business, financial conditions and results of operations will be materially and adversely affected.

In 2023, 2024 and 2025, revenue contributed by our five largest customers accounted for 45.9%, 42.7% and 29.5% of our revenue for the same years, respectively. To the extent that we cannot continue to maintain good business relationship with any of these customers, our business, results of operations and financial condition may be materially and adversely affected.

We cannot assure you that our relationships with these companies will continue on similar terms, if at all, in the future. We typically enter into one-off sales agreements with our major customers. In some cases, we enter into semi-annual/annual framework sales agreements, under which our customers will enter into individual purchase orders with us. We cannot assure you that our existing major customers will continue to place orders or renew framework sales agreements with us or that these major customers will not reduce the amount or frequency of their orders. Given the volatility of short-term orders, we may experience a material change in our revenue.

In addition, the volume of products purchased by these customers is affected by factors that may be beyond our control, including the relevant market prices, the quality and price of products offered by our competitors, industry conditions, and our customers’ own business conditions. In the event that our customers terminate their business relationships with us or significantly reduce their purchase of our products, we may not be able to find replacement for the sales of our products in a timely manner or on similar terms, if at all. As a result, our business, results of operations, financial condition and prospects may be materially and adversely affected.

We are subject to inventory risks.

To sustain our business operations and meet customer demands, we are required to maintain an appropriate level of raw materials and consumables, work in progress and finished goods. As of December 31, 2023, 2024 and 2025, our inventories amounted to RMB242.8 million, RMB170.3 million and RMB207.2 million, respectively. As of December 31, 2023, 2024 and 2025, our raw materials and consumables accounted for 16.8%, 33.6% and 36.5% of our total inventories, respectively.

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Our inventories are primarily subject to significant fluctuations in the market prices of raw materials. As we generally procure raw materials in advance in accordance with our procurement policies and production plans, changes in raw material market prices cannot be promptly reflected in production costs and product pricing, resulting in a time lag in the transmission between costs and selling prices. A substantial decline in raw material prices coupled with our failure to adjust selling prices in a timely manner may materially and adversely affect our business, financial condition and results of operations. In 2023, 2024 and 2025, we recorded impairment losses on inventories of RMB76.9 million, RMB34.3 million, and RMB22.8 million, respectively.

In addition, inventory management is inherently subject to uncertainties in market demand forecasts. If actual demand exceeds forecasted demand, we may face inventory shortages and be unable to make timely product deliveries, which may result in customer attrition as well as losses in sales revenue and market share. If actual demand falls short of forecasted demand, excess inventory accumulation may occur, leading to increased inventory holding costs, warehousing costs and administrative costs.

Our raw materials and products consist of metal and recycled resources which are subject to drastic price volatility and high risks of inventory devaluation. In the event of substantial declines in market prices, product technology iteration or slow-moving inventory, we may be required to recognize significant impairment provisions or write-offs on inventories, and may have to dispose of excess inventories at discounted prices. Such circumstances may materially and adversely affect our profitability, financial condition and results of operations.

We adjust our procurement volumes and production schedules based on customer orders and anticipated demand, and conduct regular inventory reviews and recognize impairment provisions accordingly. Such measures cannot fully eliminate risks relating to inventory fluctuation and devaluation. We may not be able to consistently maintain an appropriate inventory level, and risks of excess inventory, inventory impairment and write-offs may persist, which could materially and adversely affect our business, financial condition and results of operations.

We may be subject to liabilities and disruption in operations in connection with accidents that occur at our production bases.

As our manufacturing processes, including dismantling, testing, disassembly and refining, are complicated and inevitably involve operation of tools, equipment and machinery and use of dangerous chemical materials, accidents resulting in employee injuries or even deaths may occur.

We implement and require our employees to comply with safety measures and procedures as stipulated in our internal policies and regularly provide safety and fire hazard training to our employees. Nevertheless, there is no assurance that our safety measures and procedures are strictly followed by our employees and that there will be no future incidents disrupting our operation. During summer, prolonged periods of high temperatures are common, which not only increase the operational costs of cooling facilities, but also pose risks to employees' health and safety, and may cause our employees to have heatstroke, which is dangerous in the production facilities and may cause severe injuries. Such accidents may result in disruption of our operation and subject us to liabilities, and we may not have adequate or sufficient insurance to cover such liabilities, which could then materially and adversely affect our business, results of operations, financial condition, reputation and corporate image.

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Our historical results of operations and financial performance may not be indicative of our future performance.

We may not be able to effectively manage our growth in the future for reasons that may be beyond our control. For example, the decline of market prices of our products will have an impact on our revenue and gross profit. In addition, we cannot assure you that downstream industries will maintain their historical growth rate, as it may be affected by various factors including changes in government policies, shifts in consumer preferences, macroeconomic conditions, and technological developments. Accordingly, our historical results of operations and financial performance may not be indicative of our future performance, and we cannot assure you that we will be able to maintain our existing supplier resource base to sustain our historical financial performance.

Managing our growth will require significant expenditure and allocation of resources. We expect our costs and expenses to continue to increase in the future. We will also need to expand, train, manage and motivate our workforce and manage our relationships with suppliers, customers and other business partners. We also expect to continue to invest in our production facilities as well as R&D. In line with the expansion of our production activities in the future, our cost for procuring raw materials and expenses related to our R&D activities and the operation and maintenance of our production lines are also expected to increase. All these endeavors involve risks and will require substantial management efforts and skills and significant additional expenditures, which could strain our ability to improve our operational, human resources, financial and management capabilities. If our costs and expenses grow faster than our revenue, our business, financial condition, results of operations and growth prospects may be materially and adversely affected.

We may face risks associated with enhancing our manufacturing capabilities, including production difficulties and fluctuations in utilization rates, any of which may materially and adversely affect our business, financial condition and results of operations.

Our success depends in part on our ability to enhance our manufacturing capabilities, which include expanding our manufacturing capacity, improving our manufacturing efficiency or modifying our production lines to meet the varying demands for our products. If we are unable to do so, we may not be able to achieve the desired level of economies of scale in our operations, to reduce manufacturing costs to the level that will allow us to compete effectively or to maintain our pricing and other competitive advantages. Our ability and efforts to enhance our manufacturing capabilities are subject to significant risks and uncertainties, including construction delays, cost increases, regulatory approval uncertainties, technological and equipment supply constraints, resource diversion as well as production disruptions arising from natural disasters and other unexpected incidents.

Construction of new production facilities or expansion of existing ones requires substantial upfront capital investment and may involve a prolonged ramp-up period before reaching expected capacity or breakeven. Any failure to complete such projects on schedule or at all may strain our financial resources and adversely affect our business, financial condition and results of operations. Both new and existing facilities are subject to production challenges, including capacity limitations, mechanical and system failures, delays in construction or upgrades, and late delivery of machinery. These issues may lead to production suspension or reduced output. In addition, scheduled and unscheduled maintenance programs may further impact production efficiency. Any significant disruption to our manufacturing operations

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could impair our ability to produce and deliver products, resulting in lost sales and reputational damage. Such disruptions may have a material and adverse effect on our business, financial condition and results of operations.

Our production depends on a stable, timely and adequate supply of energy, power and other auxiliary raw materials such as water and chemicals at commercially reasonable prices.

In addition to major raw materials, our production operation depends on the supply of energy, power and other auxiliary raw materials such as water and chemicals. The production volume and production costs are dependent on our ability to source such materials at acceptable prices and maintain a stable supply. The prices for energy, power and other auxiliary raw materials are subject to price volatility attributable to a number of factors which may be beyond our control, including inflation, supplier capacity constraints, general economic conditions, commodity price fluctuations, demand from other industries for the same materials, the availability of complementary and substitute materials, and local and national regulatory requirements. Furthermore, we cannot assure you that shortages of energy or water will not occur in the future or that any cost increases in raw materials, energy or water will be able to pass on to the customers. Significant fluctuations in such costs may have a material effect on our profitability if we are unable to adjust the prices of our products accordingly, and may also harm the competitive advantage with respect to the affected products. Moreover, if the supply of such materials is affected by natural disasters, adverse weather conditions, suppliers’ equipment failures, disruptions in transport or other unfavorable factors, we may not be able to locate alternative sources of supply in sufficient quantities, of suitable quality and/or at acceptable prices. Any such events may have a material and adverse effect on our business, financial condition and results of operations.

Changes in the volume, composition and quality of lithium battery recycling raw materials processed at our facilities could significantly impact our financial conditions and results of operations.

We depend on processing high volumes of used batteries and production scraps that come from various sources with inherently different compositions and quality levels. Due to the varying valuable metal content in these raw materials, our financial performance and operational efficiency correlate with their composition and quality. The composition of certain raw materials, such as those containing higher amounts of nickel and cobalt commands higher prices than others, while the quality of such raw materials could affect our processing efficiency and recovery rates. A decline in overall volume of raw materials processed, reduction in raw materials quality, or decrease in higher-value raw materials content, could result in higher processing costs, lower recovery yields, and/or reduced product value, which in turn would have a material and adverse impact on our results of operations.

Our R&D efforts may not yield the benefits that we expect.

Technology innovation is critical to our success. We have made significant investments in product and technology R&D, as we believe that R&D are crucial for our future growth and prospects. Our research and development expenses amounted to RMB33.9 million, RMB32.7 million and RMB24.4 million in 2023, 2024 and 2025, respectively. In order to maintain and expand our competitive advantages, additional resources may need to be devoted to R&D activities. However, as R&D activities are inherently uncertain, there is no assurance that R&D projects will lead to successful results or be completed within the anticipated time frame and budget, or that newly developed products will achieve wide market acceptance. Even if such results/products can be successfully commercialized, there is no

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assurance that they will be accepted by our customers and achieve anticipated sales target or profit. In addition, it cannot be assured that our existing or potential competitors will not develop products which are similar or superior to our products or are more competitively priced. Due to uncertainties in the time frame for developing new products and the duration of market window for these products, there is a substantial risk that a potential product that is no longer commercially viable may have to be abandoned, even after we have invested significant resources in the development of such product. Failure to launch our product could significantly harm our business, financial condition and results of operation.

We may not be able to adequately protect our intellectual property rights, and uncertainty regarding the validity, enforceability or scope of our intellectual property rights may undermine our competitive position, and litigation to protect our intellectual property rights may be costly.

We rely primarily on a combination of our patents, trade secrets, trademarks, the confidentiality agreements signed by the employees, and confidentiality agreements signed with the third-parties to protect our intellectual property rights. See “Business — Intellectual Property” for further details. We have applied and obtained a number of trademarks and patents for the operations of our business. There is no assurance that we are able to successfully apply and be granted new intellectual property rights in a timely and cost-effective manner in the future, for such applications are expensive and time-consuming. For example, there may be a leakage of our trade secrets or know-how, and our pending or future patent applications may not be registered or approved. Even if these patent applications are registered and approved, they may not be of sufficient strength or scope to protect our intellectual property. As a result, third parties may challenge our patent applications or use the technologies and proprietary processes that we have developed and compete with us, which may adversely affect our competitive advantage, dilute our brand and materially and adversely affect our results of operations.

In addition, policing the unauthorized use of our proprietary technology can be difficult and expensive. Our success largely depends on our ability to use and develop our technology, know-how and product designs without infringing upon the intellectual property rights of third parties. We may be subject to litigation involving claims of patent infringement or violation of other intellectual property rights of third parties. The holders of patents and other intellectual property rights potentially relevant to our product offerings may be unknown to us or may otherwise make it difficult for us to acquire a license on commercially acceptable terms. There may also be technologies licensed to and relied on by us that are subject to infringement or other similar allegations or claims by third parties which may damage our ability to rely on such technologies. We cannot fully avoid the risks of intellectual property rights infringement created by suppliers of components used in our products or by companies we work with in cooperative R&D activities. Our current or potential competitors may have obtained or may obtain patents that will prevent, limit or interfere with our ability to make, use or sell our products in China or other countries.

The defense of claims, including intellectual property infringement suits and related legal and administrative proceedings, can be both costly and time-consuming and may significantly divert the efforts and resources of our technical and management personnel. Furthermore, an adverse determination in any such litigation or proceeding to which we may become a party could cause us to pay damage awards, seek licenses from third parties or pay additional ongoing royalties, which could decrease our profit margins, redesign our products or subject us to injunctions. These factors could effectively prevent

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us from pursuing some or all of our businesses and result in our customers or potential customers deferring, canceling or limiting their purchase or use of our products, which may have a material and adverse effect on our business, financial condition and results of operations.

Our insurance coverage may be inadequate to protect us from potential losses.

Our operations are subject to hazards and risks normally associated with manufacturing operations. Currently, we maintain insurance policies covering key personnel, material assets (including production facilities and equipment), and goods in transit. However, the insurance coverage may be inadequate to protect us from potential losses. For example, we do not maintain business interruption insurance and the occurrence of events out of our insurance coverage may result in interruption of the operations and subject to significant losses or liabilities. In addition, any losses or liabilities that are not covered by the current insurance policies or are not insured at all may have a material and adverse effect on our business, financial condition and results of operations.

We are exposed to credit risk of our customers and failure of our customers to fulfill their contractual obligations to us may affect our financial condition and results of operations.

We generally evaluate our customers' credit in accordance with our tiered customer management rules, such as credit history and likelihood of default. We have limited information about our customers and may encounter difficulties in the collection of receivables from certain customers or in certain geographic areas or businesses with which we have less experience in our dealings.

As of December 31, 2023, 2024 and 2025, our trade and bills receivables were RMB48.8 million, RMB82.4 million and RMB115.9 million, respectively, and we recorded impairment of trade and bills receivables of RMB1.9 million, RMB6.0 million and RMB7.4 million for the same years. In 2023, 2024 and 2025, our trade and bills receivables turnover days were 16, 20 and 24 days, respectively.

We cannot assure you that all of our customers will fully perform their obligations under their respective contracts with us, and the deterioration of any customers' credit or payment conditions may result in defaults by those customers on their contractual obligations, which could materially adversely affect our business, results of operations, financial condition and growth prospects. Should the credit worthiness of our customers deteriorate, or should a significant number of our customers fail to settle our trade and bills receivables in full for any reason, we may incur impairment losses, and our results of operations and financial position could be materially adversely affected. In addition, there may be a risk of delay in payment by our customers, which in turn may result in an impairment loss provision. There is no assurance that we will be able to fully recover our trade and bills receivables from our 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 on a timely manner, or at all, our financial condition and results of operations may be materially and adversely affected.

Our success relies on key management and other qualified personnel with specialized skills.

Our success relies on our key management and other qualified personnel, as each of them possesses specialized management and technical skills as well as experience in the lithium battery recycling and material recovery industry. This includes expertise in finance, strategic planning and expansion and sales and marketing, all of which are vital to our success. If one or more of our key management and other qualified personnel are unable or unwilling to continue their employment with us,

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we may not be able to identify and recruit suitable replacements in a timely manner. Furthermore, recruiting and retaining capable personnel, particularly experienced engineers and technicians familiar with our production processes, is important to maintain the quality of our products and improve our production processes. If we are unable to retain or attract key management and qualified personnel, our business, financial condition and results of operations may be materially and adversely affected.

Any failure to maintain an effective quality control system may result in material and adverse effect on our business, reputation, financial condition and results of operations.

Product quality is critical to the success of our business, and we have implemented integrated quality management across all operational phases — from design and procurement to production and sales — to maintain stringent product and service standards. However, the effectiveness of our quality control system, depends on a number of factors, including the design of the system, the machinery used, the quality of the staff and related training programs and the ability to ensure that the employees adhere to the quality control policies and guidelines. We are required to comply with specific guidelines based on product safety and restricted materials laws and regulations that are applicable in the jurisdictions into which our customers sell their products. The safety standards for the inspection of the products are also based on relevant national and industry standards. We cannot assure you that our quality control system will continue to be effective and compliant with relevant laws and regulations and standards. Any significant failure in or deterioration of the efficacy of our quality control system could result in losing accreditations and requisite certifications or qualifications, which could in turn have a material and adverse effect on our business, financial condition and results of operations. See “Business — Quality Control” for further details.

We may not be able to obtain additional capital in the future, on favorable terms or at all.

We may require additional capital beyond that generated by the operating activities from time to time to grow our business and better serve our customers, and carry out R&D activities for developing and enhancing our products and technologies, among other things. Accordingly, we may need to issue additional equity or debt securities or obtain a credit facility. Future issuances of equity or equity-linked securities could significantly dilute our existing shareholders, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our H Shares. The incurrence of debt financing would result in increased debt service obligations and could result in operating and financing covenants that would restrict our operations or our ability to pay dividends to our shareholders. Our ability to maintain or obtain additional capital in a timely manner or on commercially acceptable terms is subject to various factors, including general market conditions for capital raising activities by our peers as well as economic, political and other conditions globally. If we are unable to obtain adequate financing on terms satisfactory to us when we require it, our ability to continue to support our R&D and business growth could be significantly impaired, and our business and prospects may be materially and adversely affected.

Work stoppage, increases in labor cost and other labor related matters may have an adverse effect on our businesses.

We believe that we have a good working relationship with our employees. We have not experienced any material work stoppages, strikes or other major labor problems as of the Latest Practicable Date. However, we cannot assure you that any of such events will not arise in the future. If our employees were to engage in a strike or other work stoppage, we could experience significant

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disruption of our operations and/or higher on-going labor costs, which may have an adverse effect on our businesses, financial condition and results of operations. In addition, employees of some of the suppliers or customers may become unionized in the future or experience labor instability and we may not be able to predict the outcome of any future labor negotiations. Any conflicts between us and the employees’ labor union or between the suppliers and customers and their respective unions (if any) could have a material and adverse effect on our financial condition and results of operations.

In addition, labor costs in regions where we operate have been increasing in recent years and could potentially continue to increase. If labor costs in these regions continue to increase, the production costs will increase. We may not be able to pass on these increased costs to our customers by increasing the selling prices of the products in light of competitive pressure in the markets where we operate. In such circumstances, the profit margin may decrease, which could have a material and adverse effect on the financial condition and results of operations.

Pursuant to the PRC laws and regulations, we are required to participate in the employee social welfare plan administered by local governments. Due to the different levels of economic development in different regions, there are no uniform requirements for the implementation of employee benefit plans by local governments. As such, there can be no assurance that any new laws and regulations or changes in the enforcement of existing laws and regulations will not cause us to retroactively make up any historical shortfall in social insurance and housing provident fund contributions. We have opened social insurance registration accounts and housing provident fund accounts in accordance with laws and regulations related to social insurance and housing provident funds and paid social insurance and housing provident fund contributions for our employees. During the Track Record Period, we did not make full contributions to social insurance and housing provident fund for certain employees. According to applicable PRC laws and regulations: (i) with respect to social insurance, the relevant authorities may order us to pay the outstanding amounts within the prescribed time period with a late charge at the daily rate of 0.05% from the date of default on the outstanding amounts, and the relevant authorities may further impose a fine of one to three times the overdue amount if such payment is not made within the stipulated period; and (ii) with respect to housing provident funds, the relevant authorities may order us to pay the outstanding amounts within the prescribed time period, and they may apply to a competent court for enforcement of the outstanding amounts if we fail to do so. We cannot assure you that we will not receive any complaint or demand for social insurance or housing provident fund contribution from our employees, or that the relevant PRC authorities will not require us to make additional social insurance and housing provident fund contributions. If such circumstances occur, our financial condition and results of operations may be materially and adversely affected. See “Business — Employees — Social insurance and housing provident fund contributions” for further details.

Our overseas sales and marketing plans and strategies may not yield the desired results.

Our overseas sales are expected to constitute a portion of our revenue. The establishment and operation of overseas recycling facilities, as well as the provision of lithium battery recycling and material recovery solutions and sale of recycled materials internationally, however, may expose us to a number of risks, including political and economic instability, regulatory and policy changes, discrepancies in local industrial and environmental standards, foreign exchange rate fluctuations, rising international operating and marketing costs, insufficient internal control systems for cross-border

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operations, challenges in intellectual property rights protection, unexpected shifts in macroeconomic and regulatory environments, as well as regional trade barriers and discriminatory local industrial policies imposed by overseas jurisdictions.

Furthermore, our expansion plans in overseas markets, involve significant capital investment and execution complexity. We cannot guarantee the success of these expansions, and failing to manage overseas sales risks could materially and adversely impact our business, financial condition, and results of operation.

Our operations are subject to risks and restrictions associated with our overseas operations.

We may expand our business operation overseas. Our future global expansion plan is exposed to various risks and restrictions associated with conducting business in foreign countries and regions, including the need to comply with foreign laws, regulatory requirements and local industry standards — particularly those related to resources and environmental protection — as well as exposure to overseas litigation risks, political and economic instabilities, high market access barriers in certain developed foreign markets, unfamiliarity with local operating and market conditions, cultural and language barriers, intense competition from other international new energy material producers, difficulties in staffing and managing localized overseas operations (including managing a growing number of overseas employees and complying with labor regulations in different jurisdictions), compliance with stringent environmental, safety and labor standards, and challenges in managing relationships with foreign customers and collecting payments from them.

Any of the foregoing and related risks and uncertainties could adversely affect our international operations, which in turn could materially and adversely affect our financial condition and results of operation.

Our current and future cooperation and strategic partnership may fall short of expectations or take longer than expected to materialize.

We have established business partnership with renowned domestic partners during the Track Record Period. We have collaborated with leading players across the new energy value chain, including battery manufacturers and automotive companies. To support our global expansion, we may continue to evaluate and establish strategic partnerships or investments with other appropriate partners. However, we may not realize the anticipated amount of benefits from these strategic partnerships, or it may take longer than anticipated to realize these benefits. The success of these strategic partnerships will depend, in part, on the successful partnership between the relevant partner and us. Such partnerships are subject to various inherent risks, including potential insolvency and payment defaults on the part of our partners, reputational damage arising from adverse publicity faced by our partners, misalignment of interests between us and our partners resulting from inconsistent or diverging economic, political, tax and operational objectives which may lead to partners taking actions contrary to our strategies, adverse impacts on project implementation arising from revised partnership arrangements, as well as costly litigation or arbitration disputes that may divert our management’s attention from daily business operations.

Due to the above factors, we may fail to realize our expectations for the existing or future strategic partnerships in the near future or at all, which in turn may materially and adversely affect our business, financial condition and results of operations.

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We may be involved in legal and other disputes and claims from time to time arising from our operations and any litigation, legal and contractual disputes, claims or administrative proceedings against us and any failure to comply with relevant laws and regulations may expose us to legal risks.

We may be involved in legal proceedings, including contract disputes, labor disputes, unauthorized use of third party intellectual properties, and other litigations, which arise from time to time in our ordinary course of business. In addition, we may also be subject to administrative penalties including fines and listed as a seriously non-compliant and discredited enterprise for the failure to comply with regulatory requirements. We may be involved in disputes with various parties arising outside our operations. Disputes and administrative penalties have the potential to trigger protests, legal actions, or other proceedings, which could disrupt the implementation of our business plan, materially and adversely affect our reputation, increase costs, and divert resources and our management attention. We cannot assure you that we will not be involved in any major disputes or legal or other proceedings in the future. In addition, even though we may not be directly involved in such proceedings, our senior officers and management may be involved in litigation or other legal proceedings from time to time, which may affect our reputation and, consequently, materially and adversely affect our business.

We face certain risks relating to non-compliance in relation to the real properties we own, use or lease.

For real properties that we own, including those related to our manufacturing and R&D activities and offices, we are subject to various rules and regulations and must obtain various permits, certificates and other approvals from the relevant government authorities at various stages of property development, including the land use right certificates, planning permits, construction permits and building ownership certificates. For real properties that we use or lease, we are also subject to various rules and regulations. We must comply with evolving laws and regulations, planning and zoning requirements, and other regulatory standards of local governments relating to owning, occupying, using and leasing properties. Changes in these requirements or new regulations could require us to obtain additional approvals or make operational adjustments, including potential relocations, which may cause us to incur compliance costs.

As of the Latest Practicable Date, the lessors of five of our leased properties had not provided us relevant real estate ownership certificates or documents. As advised by our PRC Legal Advisor, we may consequently not be able to continue occupying and using such properties in accordance with the relevant laws and regulations in PRC.

As of the Latest Practicable Date, we had self-constructed container shed areas in our leased property in Shenzhen, which were used for meetings, R&D and general office purposes. We are unable to complete the relevant temporary construction filing and approval procedures for such container shed areas due to the absence of valid land ownership certificates. Our purchase amount and relevant construction costs for such container sheds are approximately RMB0.9 million. As advised by our PRC Legal Advisor, such unauthorized temporary constructions may be ordered by the competent authority to be demolished within a specified period and may be subject to a fine of up to one time the construction cost.

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We cannot assure you that we will not be subject to any challenges, lawsuits or other actions taken against us with respect to the real properties we own, use or lease. If any challenge against us in these respects is successful, our use or lease of such properties may be affected and we may be required to relocate from these relevant properties. If we fail to find suitable alternative premises on terms acceptable to us, or if we are subject to any material liability resulting from such challenges, our business, financial condition, results of operations and prospects may be materially and adversely affected.

We face risks related to natural disasters, health epidemics and other business continuity problems, which could significantly disrupt our business, results of operations and financial condition.

Our business could be materially and adversely affected by natural disasters, such as snowstorms, earthquakes, fires or floods, outbreaks of a widespread health epidemic or pandemic, or other events such as wars, acts of terrorism, environmental accidents, power shortages or communication interruptions. These events could cause damage or disruptions to commerce and the global economy, affecting the price of our products and our business, as we are sensitive to fluctuations in global metal prices. Such events could make the demand for our products more volatile, make it difficult for us to produce or deliver products to our customers or to receive raw materials from our suppliers. Our revenue and profitability could be materially reduced if a natural disaster, health epidemic, pandemic or other outbreak harms the global or the PRC economy in general. In the event of natural disasters, health epidemics and other outbreaks, we could suffer substantial losses, require a long recovery time and incur expenditures in order to resume operations.

If our customers, suppliers, other business partners or current or former employees engage in illegal, fraudulent, improper or unethical conduct, such as bribery and corruption, we may be subject to potential liability and negative publicity, and our reputation as well as business could be harmed.

We are exposed to the risk that our customers, suppliers, other business partners we have contracted or current or former employees may engage in illegal, fraudulent, improper or unethical conduct. We have put in place a set of internal control and risk management procedures to address various potential operational, financial, legal and market risks identified in relation to our operations. See “Business — Internal Control and Risk Management” for further details. However, misconduct by these individuals and institutions could include intentional, reckless and/or negligent conduct that violates the relevant laws and regulations. Such misconduct could also involve fraud, corruption, bribery, tax evasion and other illegal practices. There is no assurance there will be no such misconduct, arising from actions taken by business partners and current or former employees without our knowledge. We may not be able to identify and deter misconduct by such foregoing persons, and the precautions we take to detect and prevent such misconduct may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with relevant laws or regulations. If this occurs, we and/or our relevant business partners and current or former employees may be subject to investigations, administrative, civil and criminal fines and penalties, collateral consequences, remedial measures and legal expenses. If we are associated with potential liabilities and negative publicity resulting from

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illegal, fraudulent, improper, or unethical conduct, or allegations of such conduct, by our employees and business partners, our brands and reputation, business and results of operations will be materially and adversely affected.

RISKS RELATING TO OUR DOING BUSINESS IN THE JURISDICTIONS WHERE WE OPERATE

Changes in the economic, political and legal conditions, as well as the interpretation and implementation of the relevant laws, regulations and government policies, may affect our business, prospects, results of operations, financial condition, and cash flows.

Our business, financial condition, results of operations and prospects are inherently influenced by economic, political and legal developments. We cannot predict the timing, magnitude or duration of any future economic slowdown or subsequent economic recovery. Laws, rules and regulations relating to economic and commercial matters, such as foreign investment, corporate governance, taxation, finance, foreign exchange and trade, are promulgated and revised from time to time. These regulatory changes may create uncertainties for businesses operating. Furthermore, the interpretation and application of the laws and regulations governing our industry also undergo continuous evolution and revision. For example, changes in regulations on used battery recycling, renewable resource utilization and safe production, may lead us to incur additional investments in our technology, training, and operational adjustments. Therefore, these dynamic changes in the legal landscape have the potential to significantly impact our operations and business environment.

We may be subject to additional regulatory requirements under new laws and regulations on [REDACTED] issued by PRC government authorities.

On July 6, 2021, the relevant PRC government authorities issued the Opinions on Strictly Cracking Down on Illegal Securities Activities in Accordance with the Law (《關於依法從嚴打擊證券違法活動的意見》). These opinions emphasize the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by China-based companies and propose to take effective measures, such as promoting the construction of relevant regulatory systems to deal with the risks and incidents faced by China-based overseas-listed companies.

On February 17, 2023, the CSRC promulgated the Trial Administrative Measures for Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the “**Trial Measures**”) along with five relevant guidelines, which became effective on March 31, 2023. The Trial Measures require, among others, that PRC domestic companies that seek to initially [REDACTED] in overseas markets, either directly or indirectly, shall file the required documents with the CSRC within three business days after its application for overseas [REDACTED] is submitted. We will file with the CSRC within a specific time limit as required by the Trial Measures. However, we cannot assure you that we could complete such filing in a timely manner or at all, the failure of which may restrict our ability to complete the [REDACTED] and have a material and adverse effect on our business, prospects, results of operations, financial condition, and cash flows.

On February 24, 2023, the CSRC, the Ministry of Finance of the PRC, the National Administration of State Secrets Protection of China, and the National Archives Administration of China published the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔

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案管理工作的規定》) (the “**Archives Rules**”), which came into effect on March 31, 2023. The Archives Rules require that, in relation to the [REDACTED] activities of domestic enterprises, either in direct or indirect form, such domestic enterprises, as well as securities companies and securities service institutions providing relevant securities services, are required to strictly comply with relevant requirements on confidentiality and archives management, establish a sound confidentiality and archives system, and take necessary measures to implement their confidentiality and archives management responsibilities. The interpretation and implementation of the Archives Rules may keep evolving, failure to comply with which may materially affect our business, prospects, results of operations, financial condition, and cash flows. See “Regulatory Overview — Overseas Listing Regulation” for further details.

Given that the Trial Measures and the Archives Rules were recently promulgated, their interpretation, application, and enforcement are still evolving and subject to change. We are closely monitoring how they will affect our operations and our future financing activities.

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

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

Changes in international trade policies, and in relationships between the PRC and other countries, may adversely impact our business and operating results.

We will actively pursue expansion into international markets. Specifically, we plan to sell our products in new geographic regions and establish cooperation with local and international entities.

Unfavorable government policies related to international trade, including capital controls or tariffs, or adverse shifts in diplomatic relations between China and foreign countries or regions, have the potential to impact the sales of our products, in international markets. These factors may also affect our ability to recruit staff such as R&D personnel and influence the import or export of raw materials essential to our international expansion efforts. The implementation of new tariffs, changes in legislation and regulations, or the renegotiation of existing trade agreements could result in a material adverse effect on our business, prospects, results of operations, financial condition, and cash flows.

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We are subject to the currency exchange regulatory system.

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

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

Certain PRC regulations may make it more difficult for us to pursue growth through acquisitions.

The Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》), or the M&A Rules, established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time-consuming and complex. Such regulation requires, among other things, that the MOFCOM be notified in advance of any change of control transaction in which a foreign investor acquires control of a PRC domestic enterprise and involves any of the following circumstances: (i) any important industry is concerned; (ii) such transaction involves factors that have or may have an impact on the national economic security; or (iii) such transaction will lead to a change in control of a domestic enterprise which holds a famous trademark or PRC time-honored brand. We do not expect that the [REDACTED] will trigger MOFCOM pre-notification under each of the above-mentioned circumstances or any review by other PRC government authorities. Moreover, the PRC Anti-Monopoly Law (《中華人民共和國反壟斷法》) promulgated by the SCNPC on August 30, 2007 and amended on June 24, 2022, and the Regulations on Filing Threshold for Concentration of Undertakings (《國務院關於經營者集中申報標準的規定》) require that transactions which are deemed concentrations and involve parties with specified turnover thresholds must be cleared by the State Administration for Market Regulation of the PRC, or the SAMR, the successive authority of MOFCOM, before they can be completed. In addition, Rules of the Ministry of Commerce on Implementation of Security Review System of Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《商務部實施外國投資者併購境內企業安全審查制度的規定》) that became effective in September 2011 and Measures for the Security Review of Foreign Investment (《外商投資安全審查辦法》) that became effective in January 2021 require acquisitions by foreign investors of PRC companies engaged in military related or certain other industries that are crucial to national defense and security be subject to security review before consummation of any such acquisition.

We may pursue potential strategic acquisitions that are complementary to our business and operations. Complying with the requirements of these regulations to complete such transactions could be time-consuming, and any required approval processes, including obtaining approval or clearance from

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MOFCOM and the NDRC and their respective local counterparts, may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share. It is unclear whether our business would be deemed to be in an industry that raises national defense and security or national security concerns. Recently, the SAMR imposed administrative penalties on a number of anti-monopoly cases in the internet industry, and the regulatory environment of anti-monopoly is tightening.

Holders of H Shares may be subject to PRC income taxes.

Holders of H Shares, being non-PRC resident individuals or non-PRC resident enterprises, whose names appear on the register of members of H Shares of our Company, are subject to PRC income tax in accordance with the applicable tax laws and regulations, on dividends received from us and gains realized through the sale or transfer by other means of H shares by such shareholders.

According to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) and the Implementation Regulations for 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》), both came into effect on January 1, 2019, the tax applicable to non-PRC resident individuals is proportionate at a rate of 20% for any dividends obtained from within China or gains on transfer of shares and shall be withheld and paid by the withholding agent. Pursuant to the Arrangement between the Mainland and the Hong Kong Special Administrative Region (the “**Hong Kong SAR**”) 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》) (the “**Double Taxation Arrangements**”) executed on August 21, 2006, the PRC Government may levy taxes on the dividends paid by PRC companies to Hong Kong residents in accordance with the PRC laws, but the levied tax (in the case where the beneficial owner of the dividends is not a company directly holding at least 25% of the equity interest in the company paying the dividends) shall not exceed 10% of the total dividends.

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), which was newly revised and implemented on December 29, 2018, and the Implementation Regulations for 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》), which was newly revised and implemented on April 23, 2019, if a non-resident enterprise has no presence or establishment within China, or if it has established a presence or establishment but the income obtained has no actual connection with such presence or establishment, it shall pay an enterprise income tax on its income derived from within China at a reduced rate of 10%. Pursuant to the Double Taxation Arrangements, dividends paid by PRC resident enterprises to Hong Kong residents can be taxed either in Hong Kong or in accordance with the PRC laws. However, if the beneficial owner of the dividends is a Hong Kong resident, the tax charged shall not exceed: (i) 5% of the total amount of dividends if the Hong Kong resident is a company that directly owns at least 25% of the capital of the PRC resident enterprise paying dividends; or (ii) otherwise, 10% of the total amount of dividends.

Considering the foregoing, non-PRC resident holders of our H Shares should be aware that they may be obligated to pay PRC income tax on the dividends and gains realized through sales or transfers by other means of the H Shares.

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There might be difficulties in effecting service of legal process, enforcing foreign judgments against us or our Directors and senior management.

We are a joint stock limited company incorporated in China. In addition, a majority of our Directors and senior management reside within Chinese mainland and substantially all of our and their assets are located within the PRC. Therefore, it may be difficult for investors to directly effect service of legal process upon us or our Directors and senior management in the PRC.

On July 14, 2006, the Supreme People’s Court of the PRC and the government of Hong Kong SAR entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (《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**”), which came into effect on August 1, 2008.

Pursuant to the Arrangement, where any designated PRC court or any designated Hong Kong court has made an enforceable final judgment requiring payment of money in a civil or commercial case under a choice of court agreement in writing, any party concerned may apply to the relevant PRC court or Hong Kong court for recognition and enforcement of the judgment. A choice of court agreement in writing is defined as any agreement in writing entered into between parties after the effective date of the Arrangement in which a Hong Kong court or a mainland court is expressly selected as the court having sole jurisdiction for the dispute.

On January 18, 2019, the Supreme People’s Court of the PRC and the government of Hong Kong SAR signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《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 judgments in wider range of civil and commercial matters between Hong Kong SAR and the Chinese mainland. On January 29, 2024, the New Arrangement was declared effective jointly by the Supreme People’s Court of the PRC and the government of Hong Kong SAR, which has replaced the Arrangement. However, the New Arrangement does not apply to certain judgements of civil and commercial matters. Furthermore, there remain uncertainties as to the outcome of any applications to recognize and enforce such judgments and arbitral awards in the PRC.

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

RISK FACTORS

RISKS RELATING TO THE [REDACTED]

There has been no prior public market for the H Shares and the liquidity and market price of our H Shares may be volatile.

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

The market price and [REDACTED] volume of our H Shares may be volatile, which could lead to substantial losses to investors.

The [REDACTED] and [REDACTED] volume of our H Shares may be subject to significant volatility in response to various factors beyond our control, including the political uncertainties in Hong Kong and the general market conditions of the securities in Hong Kong and elsewhere in the world. In particular, the business and performance and the market price of the shares of other companies engaging in similar business may affect the [REDACTED] and [REDACTED] volume of our H Shares. In addition to market and industry factors, the [REDACTED] and [REDACTED] volume of our H Shares may be highly volatile for specific business reasons, such as fluctuations in our revenue, earnings, cash flows, investments, expenditures, regulatory developments, relationships with our suppliers and customers, movements or activities of key personnel, or actions taken by competitors. Moreover, shares of other companies listed on the Stock Exchange with significant operations and assets in the PRC 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 performance but related to the overall political and economic conditions in Hong Kong, the PRC or elsewhere in the world.

You will incur immediate and significant dilution if the [REDACTED] of the [REDACTED] is higher than the net tangible asset value per H Share, and may experience further dilution if we issue additional Shares in the future.

The [REDACTED] of the [REDACTED] is higher than the net tangible asset value per Share immediately prior to the [REDACTED]. Therefore, purchasers of the [REDACTED] in the [REDACTED] will experience an immediate dilution in [REDACTED] net tangible asset value. There can be no assurance that if we were to immediately liquidate after the [REDACTED], any assets would be distributed to Shareholders after the creditors’ claims. To expand our business, we may consider [REDACTED] and issuing additional Shares in the future. Purchasers of the [REDACTED] may experience dilution in the net tangible asset value per Share of their Shares if we issue additional Shares in the future at a price which is lower than the net tangible asset value per Share at that time.

RISK FACTORS

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

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

According to the stipulations by the State Council’s securities regulatory authority and the Articles of Association, our [REDACTED] Shares may be converted into H Shares and such converted H Shares may be [REDACTED] or [REDACTED] on an overseas stock exchange, provided that prior to the conversion and [REDACTED] of such converted shares, the requisite internal approval processes (but without the necessity of Shareholders’ approval by class) have been duly completed and the approval from the relevant PRC regulatory authorities, including the CSRC, have been obtained. In addition, such conversion, [REDACTED] and [REDACTED] must comply with the regulations prescribed by the State Council’s securities regulatory authorities and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange. We can apply for the [REDACTED] of all or any portion of our [REDACTED] Shares on the Stock Exchange as H Shares in advance of any proposed conversion to ensure that the conversion process can be completed promptly upon notice to the Stock Exchange and delivery of shares for entry on the [REDACTED]. This could increase the supply of H Shares in the market, and future sales, or perceived sales, of the converted H Shares may materially and adversely affect the [REDACTED] of H Shares.

The interests of our Controlling Shareholders may not be aligned with the interest of other Shareholders.

Our Controlling Shareholders have substantial influence over our business and operations, including matters relating to management and policies, decisions in relation to acquisitions, expansion plans, business consolidation, the sale of all or substantially all of our assets, nomination of directors, dividends or other distributions, as well as other significant corporate actions. Immediately following the completion of the Shares Subdivision and the [REDACTED] (assuming the [REDACTED] is not exercised), Mr. Zheng, Shenzhen Jiecheng Investment, Shenzhen Jiecheng Enterprise Management, Shenzhen Jiecheng Mingchahui, Shenzhen Jiecheng Zhiyuan and Shenzhen Yongchangxuan will collectively hold approximately [REDACTED] of our total issued Shares. The concentration of voting power and the substantial influence of our Controlling Shareholders over our Company may discourage, delay or prevent a change in control of our Company, which could deprive other Shareholders of an opportunity to receive a premium for their Shares as part of a sale of our Company and reduce the price of our H Shares. In addition, the interests of our Controlling Shareholders may differ from the interests of our other Shareholders. Subject to the Listing Rules, our Articles of Association and other applicable laws and regulations, our Controlling Shareholders will continue to have the ability to exercise substantial influence over us and to cause us to enter into transactions or take, or fail to take, actions or make decisions which conflict with the best interests of our other Shareholders.

RISK FACTORS

There can be no assurance of the accuracy or completeness of certain facts, forecasts and other statistics obtained from various government publications contained in this document.

Certain facts and other statistics in this document have been derived from publicly available sources. However, we cannot guarantee the quality or reliability of these sources. They have not been prepared or independently verified by us, the Sole Sponsor, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], any of the [REDACTED], any of our or their respective directors, officers or representatives or any other parties involved in the [REDACTED] and no representation is given as to their accuracy and, therefore, we make no representation as to the accuracy of such facts and statistics. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the facts and statistics herein may be inaccurate or may not be comparable to facts and statistics produced for other economies. As a result, prospective investors should consider carefully how much weight or importance they should attach to or place on such facts or statistics. Investors should read the entire document carefully and should not consider any particular statements in published media reports without carefully considering the risks and other information contained in this document.

You should read this entire document carefully, and we strongly caution you not to place any reliance on any information contained in press articles and/or other media regarding us, our business, our industry or the [REDACTED].

You are strongly advised to read the entire document carefully and are cautioned against placing any reliance on the information in any press article or any other media coverage which contains information not disclosed or not consistent with the information included in this document.

Prior to the completion of the [REDACTED], there may be press and media coverage regarding us and the [REDACTED]. Our Directors would like to emphasize to prospective investors that we do not accept any responsibility for the accuracy or completeness of such information, and such information is not sourced from or authorized by our Directors or our management team. Our Directors make no representation as to the appropriateness, accuracy, completeness and reliability of any information or the fairness or appropriateness of any forecast, view or opinion expressed by the press or other media regarding us or our H Shares. In making decisions as to whether to invest in our H Shares, prospective investors should rely only on the financial, operational and other information included in this document.

WAIVERS AND EXEMPTIONS

In preparation for the [REDACTED], our Company has applied for the following waivers from strict compliance with the relevant provisions of the Listing Rules and the Companies (WUMP) Ordinance:

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rules 8.12 and 19A.15 of the Listing Rules, we must have a sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong.

Since the business operations of our Group are managed and conducted outside of Hong Kong, and our executive Directors ordinarily reside outside Hong Kong, we consider it practically difficult and commercially unreasonable for us to arrange two executive Directors to be ordinarily reside in Hong Kong, either by means of relocation of the executive Directors to Hong Kong or appointment of additional executive Directors. Therefore, we do not have, and in the foreseeable future will not have, sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rules 8.12 and 19A.15 of the Listing Rules.

Accordingly, 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:

- (a) we have appointed Ms. Dong Chen (董晨, our executive Director) and Mr. Zhang Senquan (張森泉, Mr. Zhang) (our joint company secretary) as our authorized representatives pursuant to Rule 3.05 of the Listing Rules. The authorized representatives will act as our Company’s principal channel of communication with the Stock Exchange. The authorized representatives will be readily contactable by phone and email to promptly deal with enquiries from the Stock Exchange, and will also be available to meet with the Stock Exchange to discuss any matter within a reasonable period of time upon request of the Stock Exchange;
- (b) when the Stock Exchange wishes to contact our Directors on any matter, each of the authorized representatives will have all necessary means to contact all of our Directors (including our independent non-executive Directors) promptly as and when required, including means to communicate with our Directors when they are traveling. Our Company will also inform the Stock Exchange as soon as practicable in respect of any change in the authorized representatives in accordance with the Listing Rules. We have provided the contact details of each Director (such as mobile phone numbers, office phone numbers (if any), email addresses and fax numbers (if any)) to each of the authorized representatives and the Stock Exchange;
- (c) we confirm and will ensure that all Directors who do not ordinarily reside in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period upon the request of the Stock Exchange;
- (d) we have appointed CMBC International Capital Limited as our compliance advisor upon [REDACTED] pursuant to Rule 3A.19 of the Listing Rules for a period commencing on the [REDACTED] and ending on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [REDACTED]. Our compliance advisor will serve as the additional channel of

WAIVERS AND EXEMPTIONS

communication with the Stock Exchange when the authorized representatives are not available and will have access at all times to our authorized representatives, our Directors and our senior management as prescribed by Rule 3A.23 of the Listing Rules; and

- (e) meetings between the Stock Exchange and our Directors can be arranged through our authorized representatives or our compliance advisor, or directly with our Directors within a reasonable time frame.

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, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of the company secretary. Note 1 to Rule 3.28 of the Listing Rules provides that the Stock Exchange considers the following academic or professional qualifications to be acceptable:

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

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

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

Pursuant to the Guide for New Listing Applicant issued by the Stock Exchange (the “**Guide**”), the Stock Exchange will consider a waiver application by an issuer in relation to Rules 3.28 and 8.17 of the Listing Rules based on the specific facts and circumstances. Factors that will be considered by the Stock Exchange include:

- (a) whether the issuer has principal business activities primarily outside Hong Kong;
- (b) whether the issuer was able to demonstrate the need to appoint a person who does not have the Acceptable Qualification (as defined by the Guide) nor Relevant Experience (as defined by the Guide) as a company secretary; and

WAIVERS AND EXEMPTIONS

- (c) why the directors consider the individual to be suitable to act as the issuer’s company secretary.

Further, pursuant to the Guide, such waiver, if granted, will be for a fixed period of time (the “**Waiver Period**”) and on the following conditions:

- (a) the proposed company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the Waiver Period; and
- (b) the waiver can be revoked if there are material breaches of the Listing Rules by the issuer.

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

Our Company has appointed Ms. Dong Chen, our executive Director, as one of our joint company secretaries. She has extensive experience in board and corporate management matters but presently does not possess any of the qualifications under Rules 3.28 and 8.17 of the Listing Rules, and may not be able to solely fulfill the requirements of the Listing Rules. Therefore, we have appointed Zhang Senquan, who has been a member of Hong Kong Institute of Certified Public Accountants since September 2011, China Institute of Certified Public Accountants since December 2001 and American Institute of Certified Public Accountants since September 2015, and fully meets the requirements stipulated under Rules 3.28 and 8.17 of the Listing Rules to act as the other joint company secretary and to provide assistance to Ms. Dong for an initial period of three years from the [REDACTED] to enable Ms. Dong to acquire the “relevant experience” under Note 2 to Rule 3.28 of the Listing Rules so as to fully comply with the requirements set forth under Rules 3.28 and 8.17 of the Listing Rules.

Given Mr. Zhang’s professional qualification and experience, he will be able to explain to both Ms. Dong and us the relevant requirements under the Listing Rules and other applicable Hong Kong laws and regulations. Mr. Zhang will also assist Ms. Dong in organizing Board meetings and Shareholders’ meetings of our Company as well as other matters of our Company which are incidental to the duties of a company secretary. Ms. Dong is expected to work closely with Mr. Zhang and will maintain regular contact with Mr. Zhang. In addition, Mr. Zhang will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules to enhance his knowledge of the Listing Rules during the three-year period from the [REDACTED]. He will also be assisted by our compliance advisor and our legal advisors as to the Hong Kong laws on matters in relation to our ongoing compliance with the Listing Rules and the applicable laws and regulations.

Since Ms. Dong does not possess the formal qualifications required of a company secretary under Rule 3.28 of the Listing Rules, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules in relation to the appointment of Ms. Dong as a joint company secretary of our Company. The waiver is valid for an initial period of three years from the [REDACTED] on the conditions that (a) Ms. Dong must be assisted by Mr. Zhang who possesses the qualifications and experience required under

WAIVERS AND EXEMPTIONS

Rule 3.28 of the Listing Rules; and (b) the waiver will be revoked immediately if and when Mr. Zhang ceases to provide assistance to Ms. Dong as a joint company secretary or if there are material breaches of the Listing Rules by our Company.

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

WAIVER IN RESPECT OF POST-TRACK RECORD PERIOD ACQUISITION

Rules 4.04(2) and 4.04(4) of the Listing Rules require that the new applicant include in its accountants’ report the results and balance sheet of any business or subsidiary acquired, agreed or proposed to be acquired, since the date to which its latest audited accounts have been made up, in respect of each of the three financial years immediately preceding the issue of this Document.

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

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

WAIVERS AND EXEMPTIONS

unduly burdensome for the new applicant to obtain or prepare such financial information; and the new applicant has disclosed in its [REDACTED] document information required for the announcement for a discloseable transaction under Rules 14.58 and 14.60 of the Listing Rules on each acquisition. In this regard, “unduly burdensome” will be assessed based on each new applicant’s specific facts and circumstances (e.g. why the financial information of the acquisition target is not available and whether the new applicant or its controlling shareholder has sufficient control or influence over the seller to gain access to the acquisition target’s books and records for the purpose of complying with the disclosure requirements under Rules 4.04(2) and 4.04(4) of the Listing Rules).

Background

On May 11, 2026, we entered into an agreement in relation to our acquisition of the 70% equity interests in Techom Metal SDN. BHD. (“**Techom Metal**”) with Cheung Ting Ting, Tan Yeow Chuan and Ng Cheng Tee (collectively, the “**Sellers**”) by way of share transfer and further share subscription at a total consideration of Ringgit Malaysia MYR16,590,000 (equivalent to RMB28,733,000), based on arm’s length negotiation (the “**Post-TRP Acquisition**”). Techom Metal is a waste management company established in Malaysia which is primarily engaged in the provision of comprehensive waste disposal solutions. As of the Latest Practicable Date, Techom Metal and the Sellers were Independent Third Parties.

As of the Latest Practicable Date, the Post-TRP Acquisition was still in the process of fulfilling certain condition precedents by the parties and had not been completed. Upon completion of the Post-TRP Acquisition, we will hold 70% equity interest in Techom Metal and it will be accounted as our subsidiary. According to the unaudited management accounts of Techom Metal, (i) its total assets was approximately MYR23,599,000 for the year ended March 31, 2025, (ii) its revenue was approximately MYR9,001,000 for the year ended March 31, 2025, and (iii) its profit after tax was approximately MYR426,000 for the year ended March 31, 2025.

Reasons and Benefits

We believe that the Post-TRP Acquisition will contribute to our strategic business expansion into Malaysia. Through establishing Malaysia as an overseas strategic foothold, the Post-TRP Acquisition is expected to strengthen our international supply chain coordination and cross-regional delivery capabilities, thereby supporting our broader global expansion strategy. Our Directors considered that the Post-TRP Acquisition is on normal commercial terms, fair and reasonable and in the interest of our Company and the Shareholders as a whole.

Conditions to the waiver granted by the Stock Exchange

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

WAIVERS AND EXEMPTIONS

(a) Ordinary and usual course of business

Our Group is a world-leading independent lithium battery recycling and material recovery solution provider. It is our business strategy to expand our overseas markets and implement global development plan. The Post-TRP Acquisition has been made in the ordinary and usual course of business of our Group as part of our effort to expand our business by establishing our presence in Malaysia as the new market. See the sections headed “Business — Our Strategies” in the Document for details;

(b) Immateriality of the target company

Under Rule 14.04(9) of the Listing Rules, all the applicable percentage ratios under Rule 14.07 of the Listing Rules in relation to the Post-TRP Acquisition are below 5% by reference to the most recent audited financial year of the Track Record Period.

We consider the Post-TRP Acquisition to be less than 5%, which is immaterial in the context of our Company’s operations as a whole and will not result in any material changes to the group’s financial position after the Track Record Period, therefore a waiver from strict compliance with Rules 4.04(2) and 4.04(4) of the Listing Rules and the non-disclosure of the required information will not prejudice the interests of investors nor affect their ability to assess our Company’s business, operations, financial position and future prospects when considering an investment in our Company;

(c) Unavailability of information

As the Post-TRP Acquisition was still in the process of fulfilling certain condition precedents by the parties and had not been completed as of the Latest Practicable Date, our Group does not have full and immediate access to the books and records of Techom Metal for the purpose of complying with the requirements under Rules 4.04(2) and 4.04(4)(a) of the Listing Rules. Even with full and immediate access to Techom Metal’s books and records, as the financial years of Techom Metal was different with our Group, it will require considerable time and resources for our Company to familiarize with the management accounting policies of Techom Metal and for our Company and our reporting accountants to compile the necessary financial information for disclosure in this document. As such, it would be impracticable and unduly burdensome to our Company to disclose the audited financial information of Techom Metal as required under the Listing Rules; and

(d) Alternative disclosure in this Document

We have provided alternative information in this Document in connection with the Post-TRP Acquisition required for the announcement for a discloseable transaction under Chapter 14 of the Listing Rules including, among other things, (i) the reasons for the Post-TRP Acquisition, (ii) description of the principal business of Techom Metal, (iii) descriptions of the counterparties of the Post-TRP Acquisitions and a confirmation that they are Independent Third Parties, (iv) the consideration for the Post-TRP Acquisition and how it is expected to be satisfied, (v) basis on which the consideration for the Post-TRP Acquisition was determined, and (vi) key unaudited financial information of Techom Metal.

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Name	Address	Nationality

Executive Directors

Mr. Zheng Weipeng (鄭偉鵬)	Room 302, Unit 1, Building 7, Zhonghang Dingshang Huating, No. 40 Jiaoyu Middle Road, Longgang District, Shenzhen City, Guangdong Province, PRC	PRC

Mr. Yang Haoyu (楊昊昱)	Room 501, West Tower, Xincheng Building, Shennan Middle Road, Futian District, Shenzhen, Guangdong Province, PRC	PRC

Mr. Zhang Qiuhui (張秋輝)	Room 1101, Block A, Building 4, Hengyu Jiacheng Huayuan, Longsheng Road, Longgang District, Shenzhen, Guangdong Province, PRC	PRC

Ms. Dong Chen (董晨)	Room 9C, Block 4, Building 2, Hongshu Luzhou, No. 15 Guihua Road, Futian District, Shenzhen, Guangdong Province, PRC	PRC

Non-executive Directors

Mr. Jiang Jiang (姜江)	No. 289 Meihua Road, Huamu Town, Pudong New Area, Shanghai, PRC	PRC

Ms. Fu Tingting (傅婷婷)	No. 10, Gaoxin South 4th Road, Nanshan District, Shenzhen, Guangdong Province, PRC	PRC

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Independent non-executive Directors

Name	Address	Nationality
Mr. Chen Shou (陳壽)	Room 22B, Block A, Building 8, Xingfu Haian, No. 20 Luotian Road, Bao'an District, Shenzhen, Guangdong Province, PRC	PRC
Ms. Ho Shan (何珊)	Room 4,3/F, Block A Yu Fun House Yu Chui Court Ngau Pei Sha Street Shatin NT, Hong Kong	PRC
Ms. Shen Lijun (沈麗君)	Room 22C, Building 38, Zone E, Jindi Haijing Garden, No. 2 Jindi Tenth Road, Futian District, Shenzhen City, Guangdong Province, PRC	PRC

For the biographies and other relevant information of the Directors, please see the section “Directors and Senior Management.”

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor	CMBC International Capital Limited 34/F, One Exchange Square 8 Connaught Place Central Hong Kong
[REDACTED]	[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Legal Advisors to the Company

as to Hong Kong law:

**Eric Chow & Co. in Association with
Commerce & Finance Law Offices**

3401, Alexandra House
18 Chater Road
Central
Hong Kong

as to PRC law:

Commerce & Finance Law Offices

12–15th Floor
China World Office 2
No. 1 Jianguomenwai Avenue
Beijing, 100004
China

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

as to Hong Kong law:

Jingtian & Gongcheng LLP

Suites 3203–3209, 32/F., Edinburgh Tower
The Landmark
15 Queen’s Road Central
Hong Kong

as to PRC law:

Zhonglun Law Firm

57/58/59/F, Tower A,
Ping An Finance Centre,
5033 Yitian Road,
Futian District
Shenzhen
Guangdong
PRC

Auditor and Reporting Accountant

Ernst & Young

Certified Public Accountants

27/F, One Taikoo Place
979 King’s Road
Quarry Bay
Hong Kong

Industry Consultant

China Insights Consultancy

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

[REDACTED]

[REDACTED]

CORPORATE INFORMATION

Registered Office in the PRC	2nd Floor, No. 1–1 Honghualing Road Pingxilingbei, Pingdi Street Longgang District Shenzhen PRC
Corporate headquarters and Principal Place of Business in the PRC	2nd Floor, No. 1–1 Honghualing Road Pingxilingbei, Pingdi Street Longgang District Shenzhen PRC
Principal Place of Business in Hong Kong	Unit 02, 8/F, Tung Che Commercial Centre, 246 Des Voeux Road West, Hong Kong
Company Website	www.jcnico.com
Joint Company Secretaries and Authorized Representatives	Ms. Dong Chen Room 9C, Block 4, Building 2, Hongshu Luzhou, No. 15 Guihua Road, Futian District, Shenzhen, Guangdong Province, PRC Mr. Zhang Senquan <i>(Member of Hong Kong Institute of Certified Public Accountants, Chinese Institute of Certified Public Accountants and American Institute of Certified Public Accountants)</i> Room D, 37/F, Block 10, Yee Lai Court 10 South Horizon Drive, Aberdeen, Hong Kong
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Audit Committee	Ms. Ho Shan (<i>chairman</i>) Mr. Chen Shou Ms. Fu Tingting
Remuneration and Appraisal Committee	Mr. Chen Shou (<i>chairman</i>) Ms. Shen Lijun Mr. Yang Haoyu

CORPORATE INFORMATION

[REDACTED]

[REDACTED]

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INDUSTRY OVERVIEW

The information and statistics set out in this section and other sections of this document were extracted from a report prepared by CIC under our commission, various official government publications and other publicly available sources. We engaged CIC to prepare an independent industry report, or the CIC Report, in connection with the [REDACTED]. The information from official government sources has not been independently verified by us, or any of our directors and advisors, or any other persons or parties involved in the [REDACTED], and no representation is given as to its accuracy.

OVERVIEW OF GLOBAL AND CHINA’S LITHIUM BATTERY INDUSTRY

Definition and Application Scenarios of the Lithium Battery Industry

Lithium batteries mainly refer to rechargeable batteries that store and release power through reversible lithium ion movement between electrodes, characterized by high energy density and long cycle life. Their cathodes comprise high-value metals such as lithium, nickel and cobalt, which remain chemically intact and only change form during operation. Used batteries thus contain higher metal concentrations than raw minerals, delivering significant recyclable value and supporting the industry’s shift towards a circular economy.

Technological progress has broadened lithium batteries’ applications across key sectors. Widely used in consumer electronics and smart wearables, they also serve as the core power source for electric vehicles to support low-carbon development. Additionally, they meet renewable energy storage needs and drive global electrification.

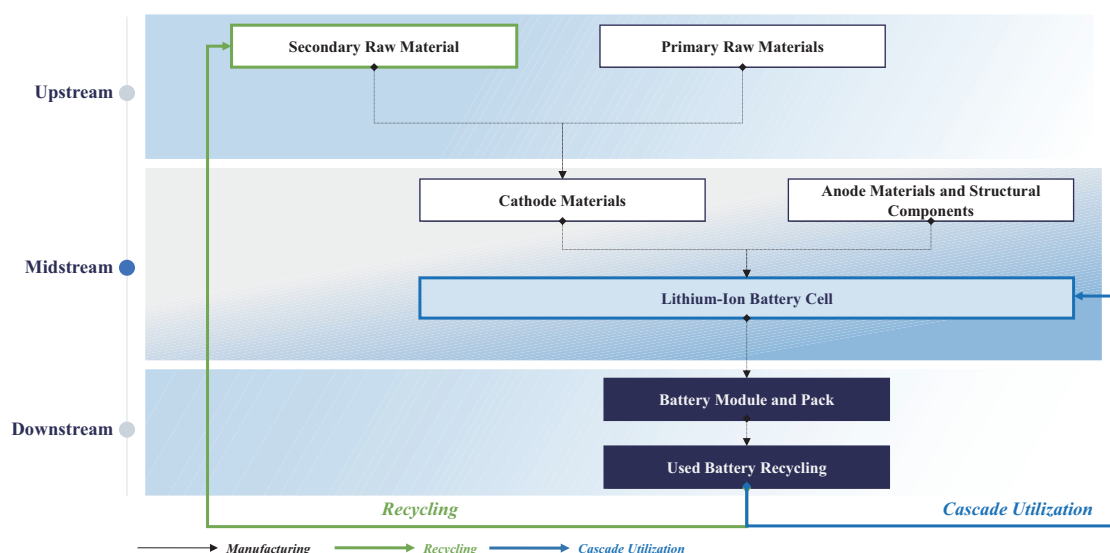
Industry Value Chain of Lithium Battery Industry

The lithium battery industry forms a full life-cycle closed-loop system, with its core industrial chain comprising upstream resources and materials, midstream cell manufacturing, and downstream end applications. The upstream segment supplies battery production with both primary raw materials sourced from minerals, such as lithium, cobalt, nickel, manganese, and secondary raw materials derived from recycled battery materials, alongside key battery materials including anodes, electrolytes and separators. The midstream segment covers cell and pack manufacturing, whose production scrap constitutes a core source of recyclable materials. The downstream segment spans EV, ESS, consumer electronics and emerging applications, whose end-of-life batteries form the major long-term supply of used batteries.

Driven by the global energy transition, sustained growth in downstream battery demand, and increasingly stringent requirements for supply chain security and low-carbon compliance, recycled battery resources have evolved from a supplementary source of upstream raw materials into a strategically critical pillar of the lithium battery industrial chain.

INDUSTRY OVERVIEW

Industry Value Chain of Lithium Battery Industry



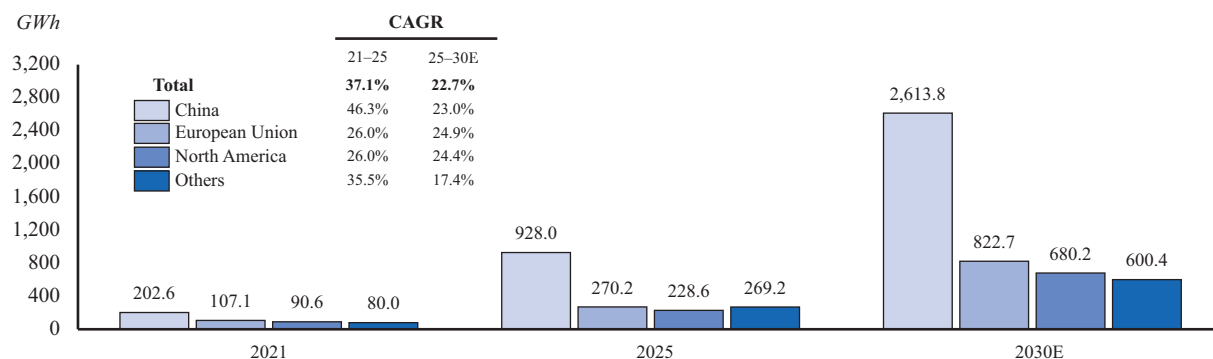
Source: CIC Report

Market Size of Global and China's Lithium Battery Industry

Global Lithium Battery Industry, By Manufacturing Origin

The global lithium battery market demonstrates a diversified pattern led by China, with the European Union and the United States as key growth regions and Southeast Asia as a rapidly rising new hub. China maintains a dominant position in installed capacity. Supported by favorable policies, the European Union and North America have achieved substantial capacity expansion and will continue steady growth. Driven by energy transition, higher new energy vehicle penetration and improving local industrial chains, Southeast Asia has become a new growth driver and is expected to maintain strong growth in battery installed capacity.

Market Size of Global Lithium Battery, by Manufacturing Origin, in terms of Installed Capacity, 2021–2030E



Source: CIC Report

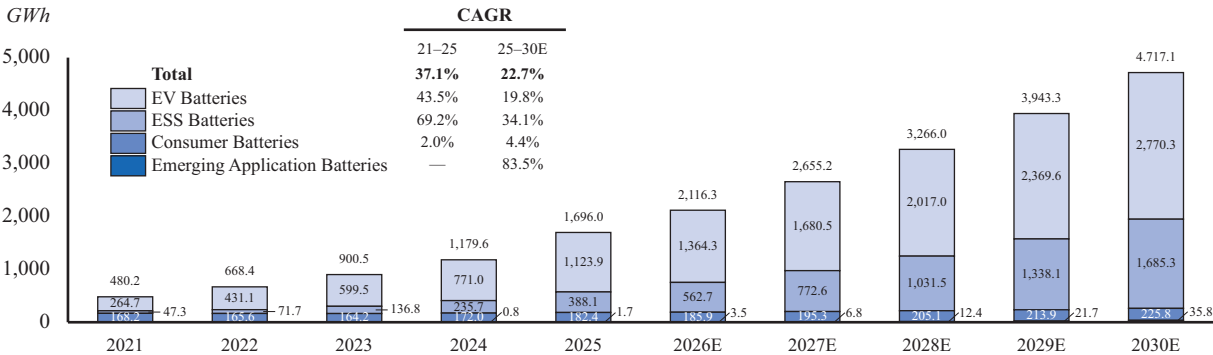
INDUSTRY OVERVIEW

Global and China’s Lithium Battery Industry, By Application

EV batteries constitute the primary growth driver of the lithium battery market, maintaining strong expanding momentum. Steady growth in renewable energy deployment and consumer electronic demand has also fueled the continuous expansion of ESS and consumer battery markets.

Emerging sectors including embodied intelligence and the low-altitude economy have further boosted lithium battery demand for novel application scenarios. Such emerging batteries feature short replacement cycles and high circulation efficiency, poised to become the fastest-growing within the global lithium battery industry.

Market Size of Global Lithium Battery Industry, by Application, in terms of Installation Volume, 2021–2030E



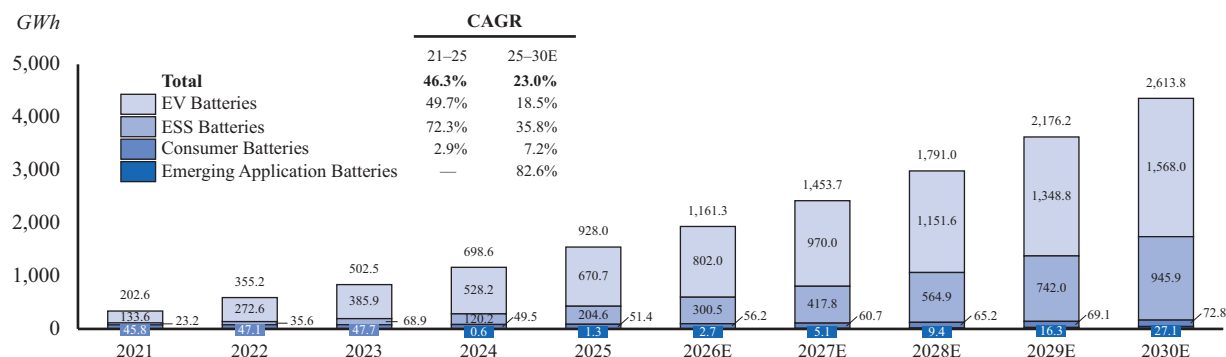
Source: CIC Report

As the core hub of the global lithium battery sector, China commands a leading market position. Its EV, ESS and consumer battery markets are all on a high-growth trajectory across the forecast period.

Strong growth in new energy vehicles has boosted EV battery deployment, underpinning explosive expansion of the lithium battery recycling industry. As EV batteries reach the end of their service life, retired battery volumes keep rising as a core industry driver. With a typical service life of 5 to 8 years, the large-scale of new energy vehicles from 2018 to 2020 has opened China’s battery retirement window, marking the first peak of retirement arriving in 2025 and explosive growth in retirement volume starting from 2028. By the end of 2025, China’s NEV parc exceeded 44.0 million, providing a solid foundation for EV battery retirement.

INDUSTRY OVERVIEW

Market Size of Lithium Battery Industry in China, by Application, in terms of Installation Volume, 2021–2030E



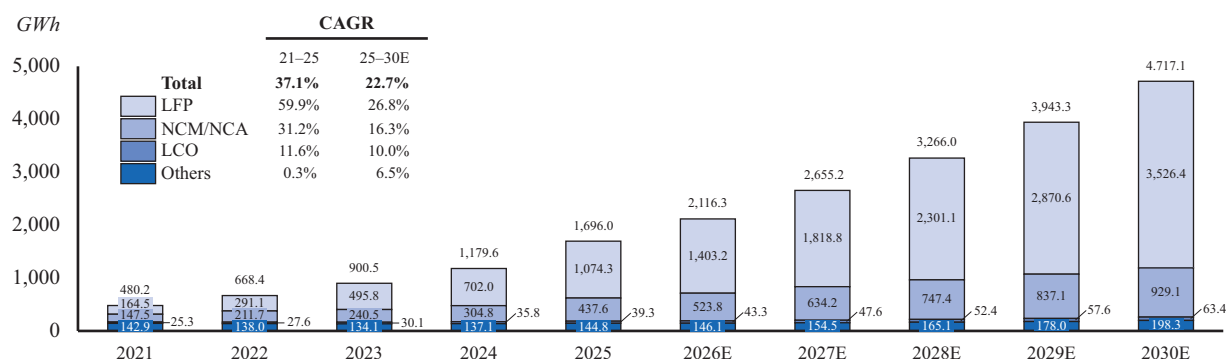
Source: CIC Report

Global and China’s Lithium Battery Industry, By Chemistry System

The recycling and cascade utilization value of lithium batteries is underpinned by their chemical systems. Varying battery chemistries determine material composition and key performance metrics, which further differentiate application suitability, recycling efficiency, economic value, and shape the market trend and end-of-life recycling priority of each battery type.

The global lithium battery market keeps expanding with differentiated development across chemical systems, forming a tiered industry structure. Lithium iron phosphate (LFP) batteries lead the market by virtue of superior cost efficiency, safety and cycle performance, and will sustain robust growth. Ternary batteries maintain solid expansion momentum, whilst lithium cobalt oxide and other battery chemistries grow steadily to cater for segmented demand. Together they form a diversified product landscape with substantial long-term growth potential for the industry.

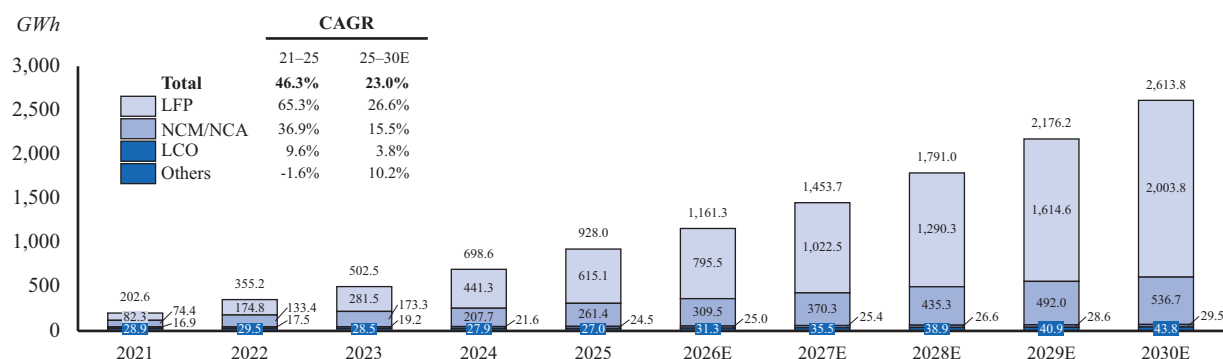
Market Size of Global Lithium Battery Industry, by Chemistry System, in terms of Installation Volume, 2021–2030E



Source: CIC Report

INDUSTRY OVERVIEW

Market Size of Lithium Battery Industry in China, by Chemistry System, in terms of Installation Volume, 2021–2030E



Source: CIC Report

Drivers and Future Trends of the Global and China’s Lithium Battery Industry

Robust Demand from EV, ESS and Consumer Scenarios Drives Diversified Growth of the Lithium Battery Market. EV battery demand leads industry growth amid booming new energy vehicle uptake. Energy storage batteries become a major high-growth driver amid global energy transition, while consumer batteries maintain steady progress via market demand and technological iteration. Commercialisation of the low-altitude economy, humanoid robots and other emerging applications further unlocks industry potential and fuels market expansion.

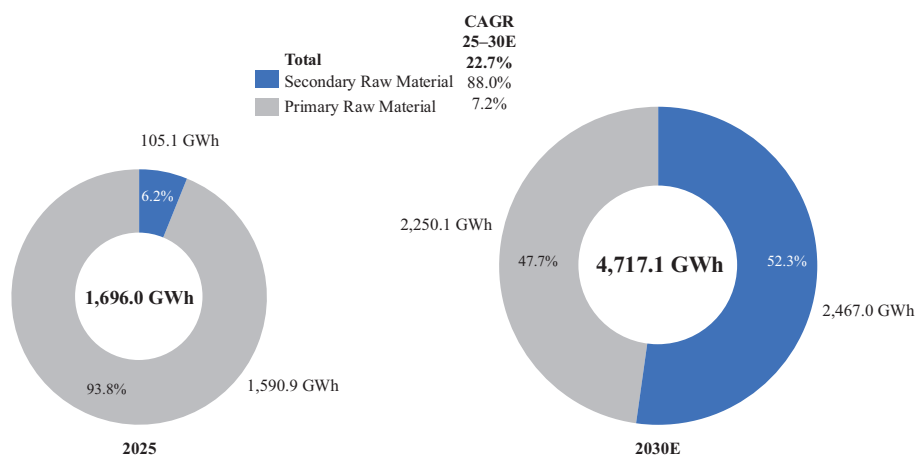
Technological Innovations Break Lithium Battery Performance Boundaries and Drive Industry Penetration into Multiple Sectors. Ongoing technological innovation improves battery performance and expands industrial applications, covering materials, structure, manufacturing and recycling. Upgraded material systems include high-nickel ternary, lithium manganese iron phosphate, silicon-carbon and lithium metal electrodes, as well as solid and semi-solid electrolytes. Batteries evolve from modular designs to highly integrated CTP and CTC structures, with dry electrode and high-speed lamination technologies widely adopted. Advanced recycling techniques enable efficient metal recovery and closed-loop battery material circulation.

Increasingly Stringent Global Policies and Compliance Requirements Elevate Recycled Materials to a Strategic Core of the Supply Chain. Escalating global regulatory and compliance standards have rendered recycled battery materials supply chain critical. The EU Battery Regulation stipulates that key battery lifecycle compliance obligations will take full effect in August 2027, mandating minimum recycled content thresholds of 16% cobalt, 6% lithium and 6% nickel by 2031, alongside mandatory carbon footprint disclosure requirements to standardize green compliance across the battery industry. The US supports local recycling capacity build-up for supply chain security. China standardizes industry practices, optimizes battery recycling and cascade utilization frameworks, implements extended producer responsibility and full traceability, restrains low-end capacity, and guides the industry towards compliant, concentrated and green development.

Under the guidance of such policies, the share of lithium battery installed capacity using secondary raw material globally is projected to rise from 6.2% in 2025 to 52.3% in 2030. In the Chinese market, the share of lithium battery installed capacity using secondary raw material is expected to grow from 8.6% in 2025 to 65.4% in 2030.

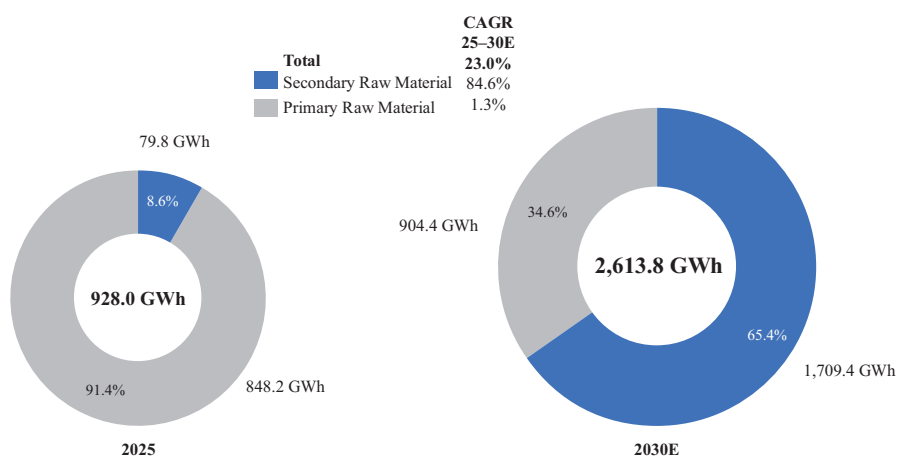
INDUSTRY OVERVIEW

Market Size of Global Lithium Battery Industry, by Raw Material Source, 2025 and 2030E



Source: CIC Report

Market Size of Lithium Battery Industry in China, by Raw Material Source, 2025 and 2030E



Source: CIC Report

INDUSTRY OVERVIEW

OVERVIEW OF THE GLOBAL AND CHINA’S LITHIUM BATTERY RECYCLING AND MATERIAL RECOVERY INDUSTRY

Definition and Development Background of the Global and China’s Lithium Battery Recycling and Material Recovery Industry

Lithium battery recycling and material recovery refers to the systematic collection, testing, dismantling and treatment of used lithium batteries and production scrap through cascade utilization or recycling, ultimately forming a full life-cycle closed loop covering battery production, usage, recycling and regeneration.

- **Recycling:** Batteries that are no longer suitable for cascade utilization and waste materials from the cell production process are dismantled, crushed, separated and metallurgically refined. Through hydrometallurgy, pyrometallurgy, direct repair and other processes, valuable metals including lithium, cobalt and nickel are extracted and converted into industrial raw materials required for battery production, ultimately realising the recycling of battery materials.
- **Cascade Utilization:** Recovered battery packs or modules are dismantled, tested, screened and reassembled for application in sectors with lower energy density requirements, such as standby power supplies, energy storage power stations and other fields, so as to maximize the utilization of the residual value of batteries.

Growing strategic importance is attached to lithium battery recycling and material recovery. Tightening mineral supply has heightened raw material price and supply risks, while major economies have rolled out stricter ESG and supply chain security policies. These factors have boosted the adoption of recycled battery materials, elevating the industry from a marginal mineral supply alternative to a core pillar for supply chain stability and international compliance.

Industry Value Chain of Lithium Battery Recycling and Material Recovery Industry

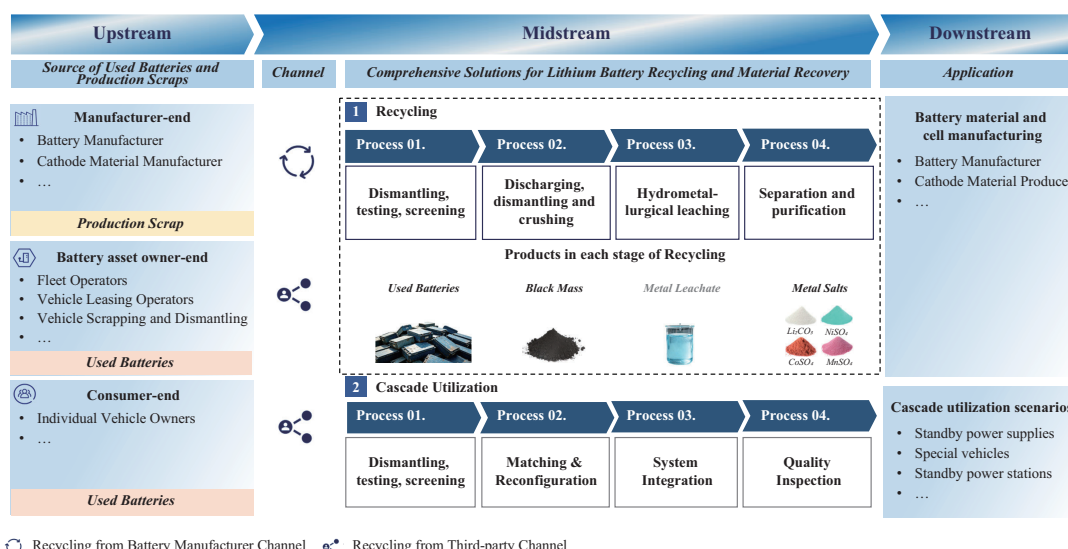
The upstream source of lithium battery recycled materials mainly comes from production scraps from cell manufacturer ends, as well as used batteries from battery asset owner and consumer ends. Two mainstream recycling models prevail: third-party recycling from factory, battery asset owner and consumer ends, and internal closed-loop recycling by battery-affiliated enterprises that recover production waste from related parties.

The recycling process comprises four core stages: pretreatment via discharging, dismantling and crushing to produce black mass; hydrometallurgical leaching to extract lithium, cobalt, nickel and manganese into metal salt solutions; material re-synthesis for recycled ternary precursors, iron phosphate and anode materials; and further processing into secondary raw material for further lithium battery production.

Downstream applications fall into two categories. The cascade utilization segment covers standby power supplies, such as communication base stations, UPS, special vehicles, such as forklifts, AGVs, and standby power stations, such as residential and industrial & commercial energy storage. The recycling segment yields nickel, cobalt, manganese sulphates and lithium salts, feeding regenerated metals back into cathode production and forming a full industrial closed loop.

INDUSTRY OVERVIEW

Industry Value Chain of the Lithium Battery Recycling and Material Recovery Industry



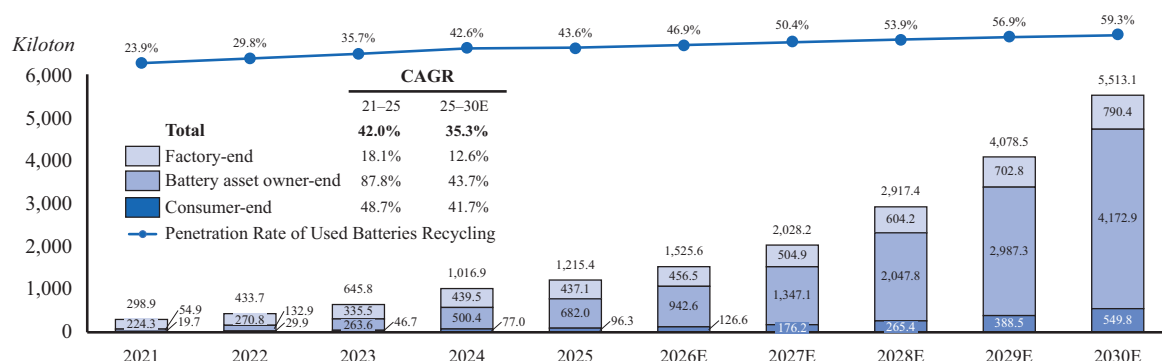
Source: CIC Report

Market Size of Global and China's Lithium Battery Recycling and Material Recovery Industry

Global and China's Lithium Battery Recycling Volume, By Source of Lithium Battery Recycled Materials

Global lithium battery recycling is expanding fast with rising penetration. Used batteries from battery asset owner-end dominate recycling supply globally and in China, fueling industry growth and circular system optimization. China leads the sector with faster recycling penetration, stronger battery asset owner dominance, and ongoing standardized, large-scale development.

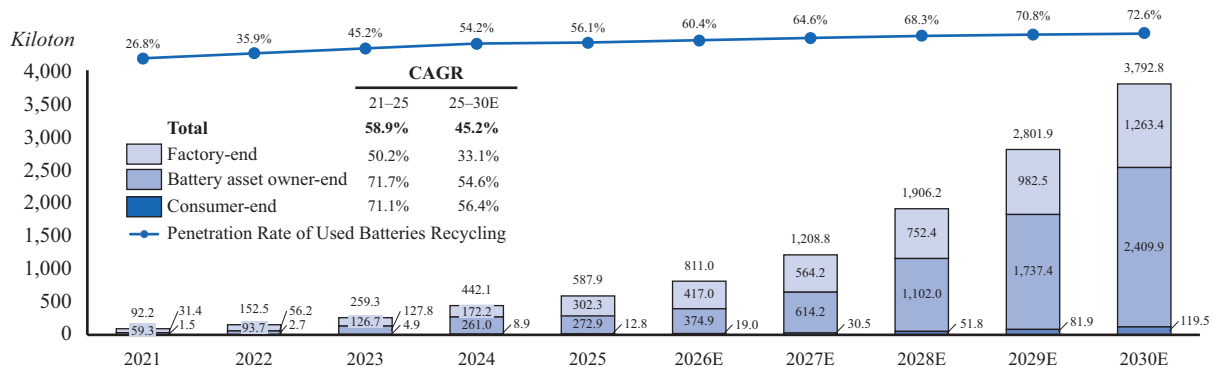
Global Lithium Battery Resource Recycling Volume, by Source of Lithium Battery Recycled Materials, 2021–2030E



Source: CIC Report

INDUSTRY OVERVIEW

Lithium Battery Resource Recycling Volume in China, by Source of Lithium Battery Recycled Materials, 2021–2030E



Source: CIC Report

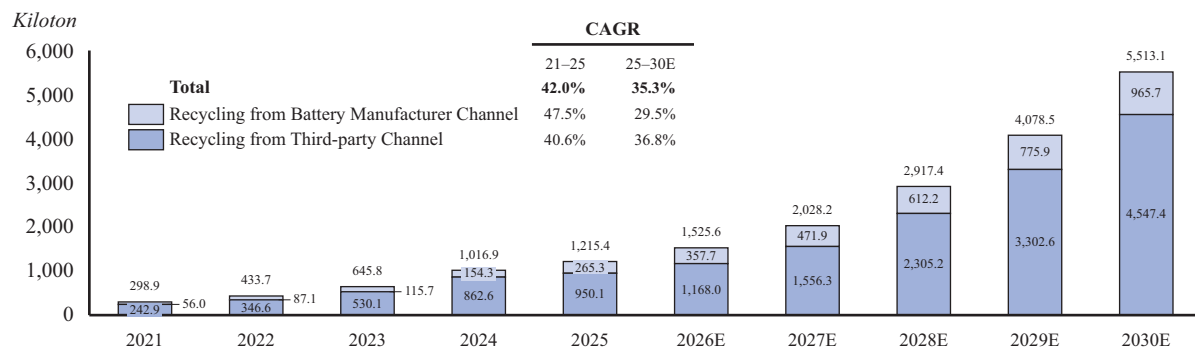
Global and China's Lithium Battery Resource Recycling Volume, By Recycling Channel

The global lithium battery recycling industry grows steadily, forming a dual pattern of battery manufacturers' self-circulation recycling and third-party professional recycling.

With strengths in scale, professionalism and market operation, third-party professional recycling dominates the market, exceeding battery manufacturers' self-circulation recycling in volume and growth, and will keep expanding amid deepening industry specialization and concentration. The latter mainly satisfies internal supply chain and closed-loop material demands, growing steadily as an industry supplement.

Fueled by policies, complete industrial chains and market demand, China's third-party professional recycling has boomed into a global benchmark. Its battery manufacturers' self-circulation recycling grows mildly but lags in scale and expansion, creating a market structure led by the former and supplemented by the latter. In the long run, third-party participants will further cement their lead, and China's leading position in the global recycling chain will continue to strengthen.

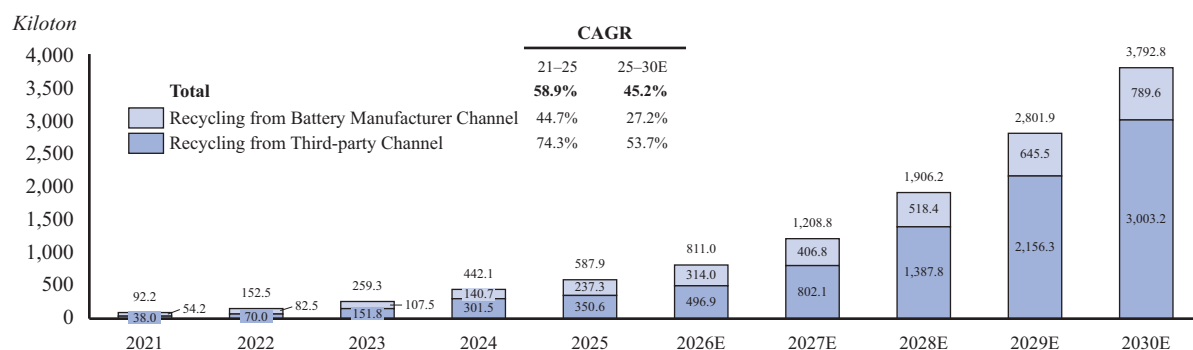
Global Lithium Battery Resource Recycling Volume, by Recycling Channel, 2021–2030E



Source: CIC Report

INDUSTRY OVERVIEW

Lithium Battery Resource Recycling Volume in China, by Recycling Channel, 2021–2030E

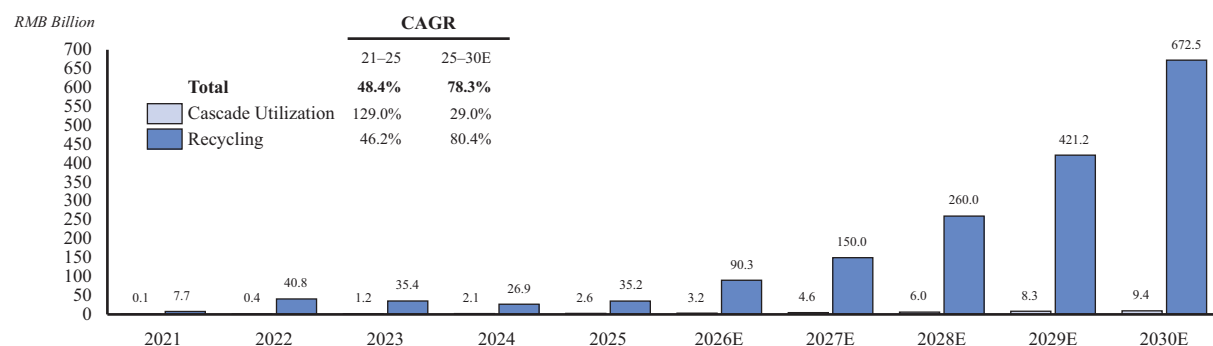


Source: CIC Report

Market Size of the Global and China’s Lithium Battery Recycling and Material Recovery Industry

In terms of market size by revenue, cascade utilization and recycling show clear divergence. Recycling regenerates core metals such as lithium, cobalt and nickel, underpinned by rigid industry demand and mature technologies. It applies broadly to retired batteries of all conditions and types, well positioned to handle massive EV battery decommissioning, with vast market scale and growth potential.

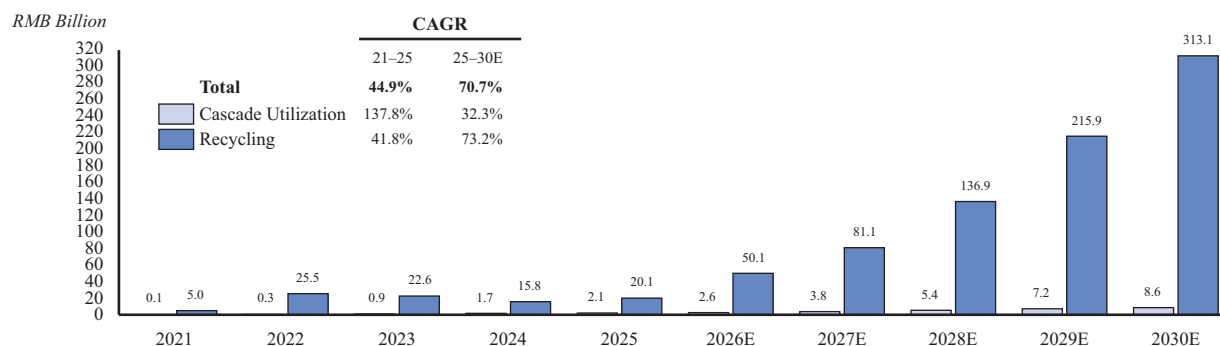
Market Size of Global Lithium Battery Recycling and Material Recovery Industry, by revenue, 2021–2030E



Source: CIC Report

INDUSTRY OVERVIEW

Market Size of Lithium Battery Recycling and Material Recovery Industry in China, by revenue, 2021–2030E



Source: CIC Report

Drivers and Future Trends of the Global and China’s Lithium Battery Recycling and Material Recovery Industry

Driven by a combination of policies and regulations, resource value and market scale, the global and China’s lithium battery recycling and material recovery industries are undergoing a profound transformation from extensive development to standardized and globalized operations.

- Green trade and ESG compliance drive the establishment of a closed-loop full life-cycle system for lithium batteries.** European Union’s Carbon Border Adjustment Mechanism and China’s Interim Measures for the Recycling and Comprehensive Utilization of Waste Power Batteries of New Energy Vehicles set global green thresholds. Carbon neutrality and export compliance compel manufacturers to raise recycled material ratio and reduce carbon footprint, advancing integration between battery production and recycling.
- Policies have shifted from guiding norms to mandatory supervision.** The 2026 waste EV battery policy implements bundled disposal and digital battery identity, blocking informal supply, phasing out unqualified small players and expanding market share for compliant enterprises.
- The economic viability of recycled and regenerated materials drives the business model to evolve towards full life-cycle value management of resources.** High volatile prices of key metals support viable lithium battery primary raw material recovery. Industry profitability relies less on subsidies and more on resource value. Battery-vehicle separate sales turn batteries into circular assets, forming a closed-loop business ecosystem across manufacturers, battery asset owner and recyclers.
- The wave of large-scale battery decommissioning and breakthroughs in recycling technologies drive the industry towards global resource allocation.** Approaching massive EV battery retirement unlocks huge recycling space. Advanced recycling technologies improve metal recovery economics. Leading players deploy capacity overseas, while liberalized cross-border trade of recycled materials facilitates global circulation, building a battery resource network with global sourcing and regional recycling remanufacturing.

INDUSTRY OVERVIEW

COMPETITIVE LANDSCAPE OF THE GLOBAL LITHIUM BATTERY RECYCLING AND MATERIAL RECOVERY INDUSTRY

Market participants in the lithium battery recycling and material recovery industry are mainly categorized into independent recyclers and battery manufacturer affiliated recyclers.

- Independent recyclers are standalone entities that do not conduct lithium battery manufacturing businesses. They mainly rely on diversified third-party recycling channels to procure used batteries and production scraps, and carry out recycling and material recovery activities with professional technical capabilities and full regulatory qualifications.
- Battery manufacturer affiliated recyclers are enterprises owned, controlled or strategically affiliated by lithium battery manufacturers. They adopt the battery manufacturer recycling channels, processing in-house production scraps generated by the parent manufacturer, as well as a few third party channels as supplement to source external used batteries. Their recycling technologies are mainly tailored to match the parent firm’s battery technologies, with less focus on processing various types of used batteries from third party recycling channel.

Third-party recycling channels feature extensive coverage, superior scale and professionalism, and serve as the mainstream channel for battery recycling. In terms of global lithium battery recycling volume via third-party channels in 2025, the top five enterprises in the industry achieved a combined market share of 28.2%, reflecting an accelerating concentration of industry resources towards enterprises with compliant qualifications, technological advantages and diversified channel advantages.

In 2025, our Company recycled 71.6 kilotons of used batteries and production scraps, ranking the first in the global market in terms of lithium battery recycling volume via third-party channels with a market share of 7.5%. This was attributable to the Company’s close cooperation with multiple upstream recycling channels covering factory end, battery asset owner end and consumer end, and also demonstrated the Company’s outstanding competitiveness in the industry in terms of dismantling efficiency, technological recovery rate and cost control capabilities.

Ranking of Global Lithium Battery Recycling and Material Recovery Industry, in terms of Lithium Battery Recycling Volume via Third-Party Channels, 2025

Ranking	Company	Recycler Type	Recycling Volume, 2025 (kilotons)	Market Share (%)
1	The Company	Independent Recycler	71.6	7.5%
2	Company A	Battery Manufacturer Affiliated Recycler	58.8	6.2%
3	Company B	Independent Recycler	55.7	5.9%
4	Company C	Independent Recycler	52.6	5.5%
5	Company D	Independent Recycler	29.3	3.1%
Sub-total of Top 5			268.0	28.2%

INDUSTRY OVERVIEW

Source: Annual reports of listed companies, Interviews with Industry Experts by CIC, CIC Report

Note: Lithium battery recycling volume includes both used batteries and production scraps.

1. Company A, established in 2005 and headquartered in Guangdong Province, China, is a non-listed subsidiary of the world’s leading lithium battery manufacturer. It is mainly engaged in the recycling, processing and renewable utilization of used lithium batteries, ternary cathode materials and wasted nickel-cobalt resources.
2. Company B, established in 2017 and headquartered in Nevada, the United States, is a non-listed company mainly engaged in the recycling, regeneration and processing of used lithium batteries and battery materials, producing battery materials from critical metals recovered from end-of-life batteries.
3. Company C, established in 2001 and headquartered in Guangdong Province, China, is a listed company on the Shenzhen Stock Exchange. It is mainly engaged in the recycling and regeneration of new energy materials and critical metal resources such as nickel, cobalt and tungsten, covering the recycling and disposal of used lithium batteries, end-of-life vehicles and other related products.
4. Company D, established in 2002 and headquartered in Zhejiang Province, China, is a listed company on the Shanghai Stock Exchange. It is mainly engaged in the R&D, production and sales of lithium battery cathode materials and cobalt products, covering cobalt and nickel mineral exploration and development, smelting and lithium battery recycling businesses.

In terms of revenue from lithium battery recycling and material recovery, the top five enterprises in the global lithium battery recycling and material recovery industry accounted for a combined market share of 42.4% in 2025, among which the Company held a market share of 4.0%, ranking fifth in the industry.

Ranking of Global Lithium Battery Recycling and Material Recovery Industry, in terms of Revenue, 2025

Ranking	Company	Revenue, 2025 (RMB Billion)	Market Share (%)
1	Company A	5.3	14.0%
2	Company D	4.7	12.5%
3	Company B	2.4	6.2%
4	Company E	2.1	5.7%
5	The Company	1.5	4.0%
Sub-total of Top 5		16.0	42.4%

Source: Annual reports of listed companies, Interviews with Industry Experts by CIC, CIC Report

1. Company E, established in 2010 and headquartered in Guangdong Province, China, is a non-listed company mainly engaged in the resource recycling and regenerative processing of used lithium batteries.

INDUSTRY OVERVIEW

ENTRY BARRIERS OF LITHIUM BATTERY RECYCLING AND MATERIAL RECOVERY INDUSTRY

Supply Chain and Channel Barriers: The Extended Producer Responsibility (EPR) system assigns end-of-life recycling responsibilities to vehicle and battery manufacturers, locking mainstream formal recycling channels. Only a very small number of recyclers have successfully established such supply channels that cover suppliers from factory, battery asset owner and consumer ends. Industry leaders secure long-term partnerships with a variety of suppliers, dominating high quality raw material supply. The 2026 integrated vehicle-battery scrapping rule curbs informal battery flows and further concentrates compliant resources among incumbents. New entrants lack cooperation credentials and compliance capacity, unable to obtain stable low-cost raw materials or scale up.

Mandatory Policy and Core Technological Barriers: The new 2026 industrial specifications set stringent recovery rate targets for key metals and new indicators for recycled powder purity and impurity control. Core technologies including short-process hydrometallurgy, LFP dry regeneration and non-destructive testing require long-term R&D and patent accumulation. Established players hold mature technical systems and cost advantages, while new entrants cannot quickly meet compliance standards and profitability demands.

Global Compliance and Layout Barriers: Leading enterprises have deployed overseas channels and capacity with solid cross-border compliance experience. New entrants lack international resources, compliance frameworks and local operation capabilities, barred from global resource allocation and industrial competition.

Safety and Environmental Protection Barriers: Recycling and dismantling carry fire, explosion and leakage risks, requiring high-standard factory design, explosion-proof facilities and emergency systems that lift entry costs. Battery disposal also generates waste water, gas and heavy metal residues; mandatory high-end environmental investment and ongoing maintenance form substantial cost barriers for new players.

KEY SUCCESS FACTORS OF THE LITHIUM BATTERY RECYCLING AND MATERIAL RECOVERY INDUSTRY

Stable and Diversified Sources of Decommissioned Batteries: Fragmented channels and volatile retired battery supply constrain industry capacity utilization. Establishing reliable supply networks is highly complex, requiring recyclers to individually engage with numerous battery recycling and material recovery integrators under different battery manufacturers through a rigorous multi-step process. Long-term strategic cooperation with users from factory, battery asset owner and consumer ends effectively stabilize upstream supply. Leading third-party recyclers build diversified recycling networks to hedge single-channel risks, enhance supply stability and support large-scale operations.

Integrated Comprehensive Treatment Capability: Full-chain processing capability underpins core competitiveness, cost control and value creation. Integrated technical coverage of cascade utilization and material recycling enables battery closed-loop regeneration, cutting intermediate losses and boosting efficiency. Precise testing and grading refurbish eligible batteries for energy storage and telecom backup use, while unqualified units are recycled into metal sulphates, lithium carbonate and cathode materials. The synergy of cascade and recycling business maximizes full-lifecycle battery value and profitability.

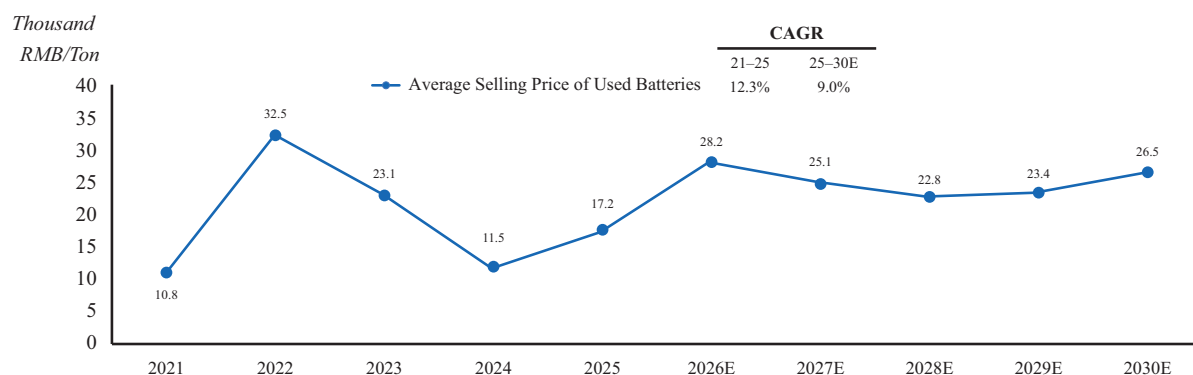
INDUSTRY OVERVIEW

Globalized Industrial Chain Layout: Global layout enables enterprises to break regional barriers, meet international compliance requirements and build long-term advantages. Partnering with overseas institutions to build recycling networks and dismantling bases supplements domestic supply and diversifies sourcing. Such cross-border deployment optimizes global supply chain allocation, reduces cost volatility, expands overseas footprint and strengthens global competitiveness and sustainability.

PRICE OF RAW MATERIAL IN LITHIUM BATTERY RECYCLING AND MATERIAL RECOVERY INDUSTRY IN CHINA

Used lithium batteries serve as the core raw material for battery recycling. Their prices fluctuate frequently and diverge structurally, driven by lithium salt market trends, industry supply and demand, and policy changes. The market faces structural supply tightness, as actual used battery supply remains persistently insufficient. Meanwhile, cyclical demand shifts and varied raw material needs of different battery technologies further cause price divergence.

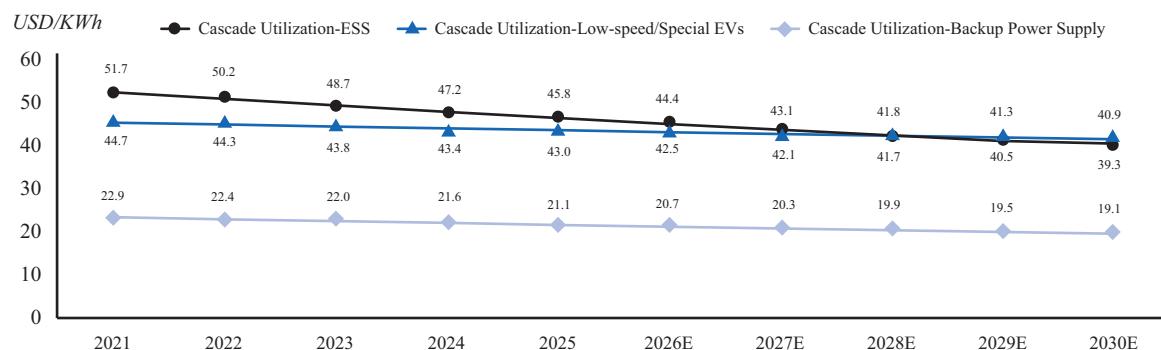
Average Selling Price of Used Lithium Batteries in China, 2021–2030E



Source: CIC Report

The recycling price of used lithium batteries changed from RMB10.8 thousand per ton in 2021 to RMB17.2 thousand per ton in 2025, representing a CAGR of 12.3%. The recycling price of used lithium batteries is expected to reach RMB26.5 thousand per ton by 2030, with a CAGR of 9.0% from 2025 to 2030.

Average Selling Price of Cascade Utilization Product in China, 2021–2030E

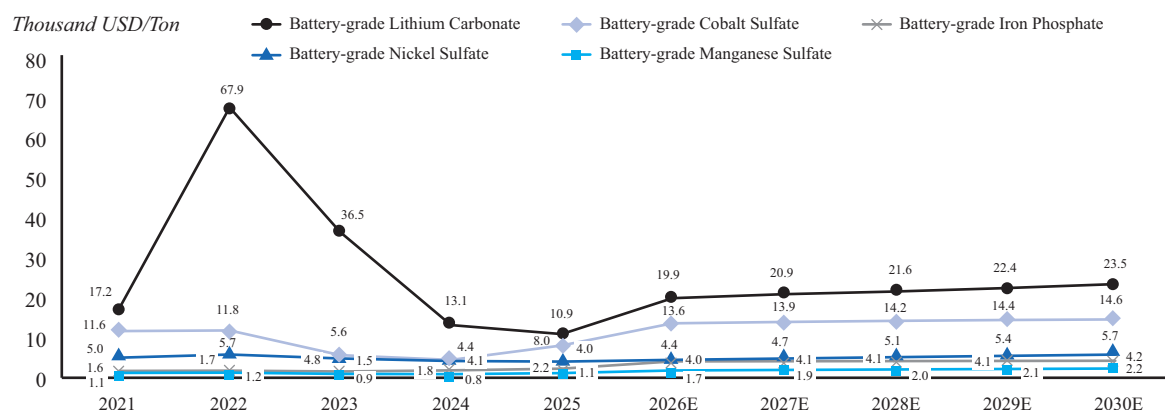


Source: CIC Report

INDUSTRY OVERVIEW

The unit prices of used batteries for cascade utilization present a gradual downward trend, driven by expanding industry scale, technological optimization and intensifying market competition. Lower cascade product prices further strengthen cost competitiveness against new batteries and boost market adoption in energy storage, low-speed & special vehicles and backup power supply scenarios. It also prompts industry players to optimize business layout and maximize the full lifecycle value of lithium batteries.

Average Selling Price of Recycling End Products, 2021–2030E



Source: CIC Report

The prices of battery-grade recycled materials have undergone obvious cyclical volatility, affected by upstream mineral supply, EV and ESS demand. Average prices are expected to gradually increase and stabilize in the long run. Fluctuating material prices highlight the advantages of professional recycling enterprises with stable production and qualified product standards. Recycled battery materials will remain an important complement to primary raw materials, supporting the sustainable profitability of the battery recycling business.

SOURCE OF INFORMATION

We engaged CIC, an independent market research and consulting company that provides industry consulting services, commercial due diligence, and strategic consulting, to conduct detailed research on and analysis of the lithium battery recycling and material recovery industry in China and globally. We have agreed to pay a fee of [REDACTED] million to CIC in connection with the preparation of the CIC Report. We have incorporated certain information from the CIC Report into this section, as well as into “Summary,” “Business,” “Financial Information,” and elsewhere in this document to provide potential investors with a comprehensive presentation of the industries where we operate.

During the preparation of the CIC Report, CIC conducted both primary and secondary research, and gathered knowledge, statistics, information, and insights on industry trends within the target research markets. The primary research involved interviews with key industry experts and leading industry participants. The secondary research consisted of analyzing data from various publicly available sources, such as the National Bureau of Statistics.

INDUSTRY OVERVIEW

The CIC Report was compiled based on the following assumptions: (i) the overall social, economic, and political environment in China and globally is expected to remain stable during the forecast period; (ii) the economic and industrial development in China and globally is likely to maintain a steady growth trajectory during the forecast period; (iii) key industry drivers are likely to propel the lithium battery recycling and material recovery industry in China and globally forward during the forecast period; and (iv) the market will not be dramatically or fundamentally affected by any extreme force majeure events or unforeseen industry regulations.

The Directors, upon acting with reasonable prudence, 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.

REGULATORY OVERVIEW

OVERVIEW

Our business in the PRC is subject to extensive supervision and regulatory control by the PRC government. This section sets out a summary of the principal relevant laws, regulations, rules and policies which may have a material impact on our business.

APPLICABLE LAWS AND REGULATIONS TO OUR BUSINESS IN THE PRC

Regulations on Company Establishment

The Company Law of the PRC (《中華人民共和國公司法》), promulgated by the Standing Committee of the National People’s Congress (“SCNPC”) on December 29, 1993, last amended on December 29, 2023 and came into effect on July 1, 2024, governs the establishment, operation and management of companies in the PRC, including foreign-invested companies. Unless foreign investment laws provide otherwise, foreign invested companies shall abide by the Company Law of the PRC.

Cleaner Production Promotion Law of the PRC

According to the Cleaner Production Promotion Law of the PRC (《中華人民共和國清潔生產促進法》) promulgated by the Standing Committee of the National People’s Congress (the “SCNPC”) on June 29, 2002, and subsequently amended on February 29, 2012 and implemented from July 1, 2012, the State encourages and promotes cleaner production. Where economic and technological conditions permit, enterprises shall independently recycle the waste, waste heat, and other waste generated in their production and provision of services or transfer such waste to other qualified enterprises and individuals for recycling. The enterprises that make products with waste or reclaim raw materials from waste shall enjoy the preferential tax treatment according to the relevant provisions of the State.

Circular Economy Promotion Law of the PRC

According to the Circular Economy Promotion Law of the PRC (《中華人民共和國循環經濟促進法》) promulgated by the SCNPC on August 29, 2008, effective from January 1, 2009, and last amended on October 26, 2018, the State encourages and promotes the construction of a waste recycling system. It also encourages enterprises in various industrial parks to engage in waste exchange and utilization and second-life energy use. The dismantling or recycling of specific products such as waste electrical and electronic products, scrapped motor vehicles and vessels, waste tires, and waste lead-acid batteries, shall comply with the provisions of relevant laws and administrative regulations. Recycled electric and electronic products that have to be dismantled and recycled shall be sold to qualified dismantling enterprises. In the process of re-utilizing and recycling wastes, production safety shall be guaranteed so as to ensure that product quality satisfy the state standards and prevent the secondary pollution.

Administrative Measures for Renewable Resource Recovery

According to the Administrative Measures for the Recovery of Renewable Resources (《再生資源回收管理辦法》), jointly issued on March 27, 2007 and took effect on May 1, 2007 and was last amended on November 30, 2019 by the Ministry of Commerce of the PRC, the National Development and Reform Commission of the PRC, the Ministry of Public Security of the PRC, the Ministry of Housing and Urban-Rural Development of the PRC, the State Administration for Industry and Commerce of the PRC (now the State Administration for Market Regulation), and the State Environmental Protection

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Administration of the PRC (now the Ministry of Ecology and Environment of the PRC), whoever is to engage in business activities relating to the recovery of renewable resources may not engage in such business activities until it has satisfied the registration conditions under the industrial and commercial administration and completed industrial and commercial registration. The recordation items for renewable resources recovery operators shall be integrated into the business licenses, and market regulatory departments shall, after confirming the industrial and commercial registration, share the enterprise information to all relevant departments through the provincial sharing platforms. Recycling enterprises for industrial waste metals and operators for non-industrial waste metals shall also file with the local public security authorities of the county-level people’s government within 15 days after obtaining their business licenses. When any of the items specified in the preceding paragraph undergoes modification, the listed recyclers of renewable resources shall complete the change procedures with the public security authorities of the county-level people’s government within 15 days from the date of modification (or within 15 days from the date of modification for items under industrial and commercial registration).

Interim Measures for the Recycling and Comprehensive Utilization of Waste Power Batteries of New Energy Vehicles

According to the Interim Measures for the Recycling and Comprehensive Utilization of Waste Power Batteries of New Energy Vehicles (《新能源汽车廢舊動力電池回收和綜合利用管理暫行辦法》, the “**Interim Measures**”) promulgated by the Ministry of Industry and Information Technology (the “**MIIT**”), the National Development and Reform Commission (the “**NDRC**”), the Ministry of Ecology and Environment (the “**MEE**”), the Ministry of Transport (the “**MOT**”), the Ministry of Commerce (the “**MOFCOM**”), and the State Administration for Market Regulation (the “**SAMR**”) on December 31, 2025, and took effect on April 1, 2026, which aims to strengthen the management of the recycling and comprehensive utilization of waste power batteries, promote resource recycling, and protect and improve the environment, the State establishes and improves the standard system for the comprehensive utilization of waste power batteries, and supports the demonstration, promotion, and application of new technologies, new processes, and new equipment for the comprehensive utilization of waste power batteries. Upon the effectiveness of the Interim Measures, the Interim Measures for the Interim Measures for the Administration of Recycling and Utilization of Power Batteries for New Energy Vehicles (《新能源汽车動力蓄電池回收利用管理暫行辦法》), the Interim Provisions on Traceability Management of Recycling and Utilization of Power Batteries for New Energy Vehicles (《新能源汽车動力蓄電池回收利用溯源管理暫行規定》), the Guidelines for the Construction and Operation of Recycling Service Outlets for Power Batteries of New Energy Vehicles (《新能源汽车動力蓄電池回收服務網點建設和運營指南》) and the Administrative Measures for Cascade Utilization of Power Batteries of New Energy Vehicles (《新能源汽车動力蓄電池梯次利用管理辦法》) were simultaneously abolished.

LAWS AND REGULATIONS RELATING TO ENVIRONMENTAL PROTECTION

Environmental Protection Law of the PRC

According to the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) (the “**Environmental Protection Law**”) promulgated by the SCNPC on December 26, 1989, and latest amended on April 24, 2014, the pollution prevention and installations included in a construction project shall be designed, constructed and put to use simultaneously with the body of the construction project. Such installations shall satisfy the requirements of the approved environmental impact assessment

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document, and may not be dismantled or left unused without permission. Enterprises, public institutions, and other businesses subject to pollutant discharge licensing management shall discharge pollutants according to the requirements of their respective pollutant discharge licenses; and those without a pollutant discharge license may not discharge pollutants.

Law of the PRC on Environmental Impact Assessment

Pursuant to the Law of the PRC on Environmental Impact Assessment (《中華人民共和國環境影響評價法》) promulgated on October 28, 2002, and latest amended on December 29, 2018, the State implements a classification-based management on the environmental impact assessment of construction projects according to the impact of the construction projects on the environment. Construction units shall prepare the Environmental Impact Report or the Environmental Impact Statement or fill out the Environmental Impact Registration Form.

Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste

In accordance with the Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》) promulgated by the SCNPC on October 30, 1995, and latest amended on April 29, 2020, the State promotes green development methods and fosters clean production and the development of a circular economy. Units and individuals that generate, collect, store, transport, utilize, and dispose of solid waste shall take measures to prevent or reduce environmental pollution caused by solid waste and bear legal responsibility for environmental pollution they cause. The State establishes an extended producer responsibility system for products such as electrical and electronic appliances, lead-acid batteries, and vehicle power batteries. Producers of these products shall, in accordance with regulations, establish a recycling system for waste products that matches their product sales volume either through self-built or entrusted means, and make such information public to achieve effective recycling and utilization.

Law of the PRC on the Prevention and Control of Water Pollution

According to the Law of the PRC on the Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》) promulgated by the SCNPC on May 11, 1984, and latest amended on June 27, 2017, construction, renovation and expansion projects and other upper-water facilities that directly or indirectly discharge pollutants to water are subject to environmental impact assessment. In addition, water pollution prevention facilities are required to be designed, constructed and put into operation simultaneously with the main part of the project. From January 1, 2018, water pollution prevention facilities are required to be complied with the requirements in the environmental impact report approved by and filed with the competent authorities.

Law of the PRC on the Prevention and Control of Atmospheric Pollution

According to the Law of the PRC on the Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》) promulgated by the SCNPC on September 5, 1987, and latest amended on October 26, 2018, construction, renovation and expansion projects which discharge air pollutants shall comply with regulations regarding environmental protection of construction projects. The environmental impact assessment report regarding a construction project, which is subject to the approval of the environmental protection administrative authorities, shall include an assessment of the air pollution the project is likely to produce and its potential impact on the ecological environment. Construction projects

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that have an impact on the atmospheric environment shall conduct environmental impact assessment, and that discharge of pollutants to the atmosphere shall conform to the atmospheric pollutant discharge standards and abide by the total quantity control requirements for the discharge of key atmospheric pollutants.

Law of the PRC on Noise Pollution Prevention and Control

In accordance with the Law of the PRC on Noise Pollution Prevention and Control (《中華人民共和國噪聲污染防治法》) promulgated by the SCNPC on December 24, 2021, and taking effect on June 5, 2022, the facilities for the prevention and control of noise pollution of a construction project shall be designed, constructed and put into use simultaneously with the main body of the project. Before a construction project is put into production or use, the construction entity shall, in accordance with the provisions of relevant laws and regulations, conduct the acceptance of the supporting facilities for noise pollution prevention and control, work out the acceptance report, and release it to the public. The construction project may not be put into production or use before its acceptance is carried out or if it fails to pass its acceptance.

Measures for the Administration of Pollutant Discharge Licenses

In accordance with the Measures for the Administration of Pollutant Discharge Licenses (《排污許可管理辦法》) promulgated by the MEE on April 1, 2024, and taking effect on July 1, 2024, enterprises subject to pollutant discharge license management are required to apply for and obtain the Pollutant Discharge License pursuant to the law and discharge pollutants according to the provisions of the Pollutant Discharge License, and shall not discharge pollutants without the pollutant discharge license. Enterprises that need to fill in the pollutant discharge registration form shall register the pollutant discharge on the National Pollutant Discharge License Management Information Platform.

LAWS AND REGULATIONS RELATING TO HAZARDOUS CHEMICALS

Measures for the Administration of Registration of Hazardous Chemicals

According to the Measures for the Administration of Registration of Hazardous Chemicals (《危險化學品登記管理辦法》) promulgated by the former State Administration of Work Safety (now the MEM) on October 8, 2002, and latest amended on July 1, 2012, China implements a hazardous chemicals registration system. The MEM is responsible for the supervision and management of hazardous chemicals registration. New hazardous chemicals production enterprises shall go through the hazardous chemicals registration process before the completion and acceptance inspection. The validity period of the hazardous chemicals registration certificate is 3 years. The original and duplicate copies of the hazardous chemicals registration certificate shall indicate the certificate serial number, enterprise name, registered address, nature of the enterprise, type of registration, validity period, issuing authority, and date of issuance. It should be noted under the nature of the registered enterprise whether the enterprise is a hazardous chemicals production enterprise, a hazardous chemicals import enterprise, or both.

Regulations on Safety Management of Hazardous Chemicals

Pursuant to the Regulations on Safety Management of Hazardous Chemicals (《危險化學品安全管理條例》) promulgated by the State Council on January 26, 2002, taking effect on March 15, 2002, and latest amended on December 7, 2013, hazardous chemicals include hyper-toxic and other hazardous

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chemicals that are toxic, corrosive, explosive, flammable or combustion-supporting, which are dangerous to the human body, facilities and environment. The relevant government authorities will promulgate and adjust the Catalogs of Hazardous Chemicals from time to time. An enterprise which engages in the production of hazardous chemicals must obtain the Safety Production Permit for Hazardous Chemicals prior to the commencement of production. An enterprise producing hazardous chemicals listed in the Catalog of the Industrial Products that are subject to the production licensing system shall obtain the Production License for Industrial Products pursuant to the Regulations of the PRC for the Administration of Production Licenses for Industrial Products (《中華人民共和國工業產品生產許可證管理條例》).

The safety conditions of newly built, altered or expanded construction projects for the production and storage of hazardous chemicals are subject to the scrutiny of the work safety administrative department. In the event that the enterprise undertaking such construction projects fails to meet the safety conditions, the relevant work safety administrative department shall order such enterprise to cease operation and rectify within the specified period.

The State implemented a licensing system for the operation of hazardous chemicals (including warehousing). No entity or individual may deal in hazardous chemicals without such licensing. If an enterprise engaging in the production of hazardous chemicals which is established according to the laws sells hazardous chemicals it produces in the factory, the Operation Permit for Hazardous Chemicals is not required. If a chemical enterprise uses hazardous chemicals for production and the quantities reach the prescribed threshold, the enterprise shall obtain the Permits for the Safe Use of Hazardous Chemicals pursuant to the Regulations on Safety Management of Hazardous Chemicals (《危險化學品安全管理條例》), save for those enterprises engaging in the production of hazardous chemicals. An enterprise which engages in road transportation of hazardous chemicals should comply with provisions of laws and administrative regulations on road transport, obtain the license for road transportation of hazardous chemicals, and proceed with registration procedures with the administrative department of industry and commerce. An enterprise engaging in road transportation of hazardous chemicals should be equipped with full-time safety management personnel.

Measures for Implementation of Safety Production Permit of Hazardous Chemicals Production Enterprises

According to the Measures for Implementation of Safety Production Permit of Hazardous Chemicals Production Enterprises (《危險化學品生產企業安全生產許可證實施辦法》) promulgated by the former State Administration of Work Safety (now the MEM) on August 5, 2011, and latest amended on March 6, 2017, a hazardous chemicals production enterprise refers to an enterprise that is legally established and has obtained a business license or a business approval document to engage in the production of final products or intermediate products listed in the Hazardous Chemicals Directory. Hazardous chemicals production enterprises shall obtain a work safety license. Any enterprise that has not obtained a work safety license shall not engage in any related production activities.

Measures for the Safety Supervision and Administration of Construction Projects Involving Hazardous Chemicals

According to the Measures for the Safety Supervision and Administration of Construction Projects Involving Hazardous Chemicals (《危險化學品建設項目安全監督管理辦法》) promulgated by the former State Administration of Work Safety (now the MEM) on January 30, 2012, and latest amended on May

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27, 2015, new construction, alternation, and expansion of construction projects for the production and storage of dangerous chemicals, as well as chemical construction projects that involve the generation of dangerous chemicals (including the construction projects for long-distance transmission pipelines of dangerous chemicals), shall undergo safety reviews, i.e. reviews of safety conditions and designs of safety facilities. Construction projects that have not undergone safety reviews and the completion acceptance of safety facilities shall not commence construction or be put into production (or use).

LAWS AND REGULATIONS RELATING TO WORK SAFETY

Work Safety Law of the PRC

Pursuant to the Work Safety Law of the PRC (《中華人民共和國安全生產法》), the “**Work Safety Law**”) promulgated by the SCNPC on June 29, 2002, and latest amended on June 10, 2021, entities engaged in production and business activities within the PRC shall comply with the Work Safety Law and other laws and regulations related to production safety, strengthen production safety management. Entities shall establish and improve a production safety responsibility system and production safety rules, increase efforts to guarantee the input of funds, materials, technology, and personnel in production safety, improve production safety conditions, and strengthen the standardization of production safety, raise production safety levels, and ensure production safety.

Regulations on Work Safety Licenses

Pursuant to the Regulations on Work Safety Licenses (《安全生產許可證條例》) issued by the State Council on January 13, 2004, and latest amended on July 29, 2014, the State applies a work safety licensing system to enterprises engaged in mining, construction and production of hazardous chemicals, fireworks and firecrackers, and civil explosives. Without work safety licenses, the aforementioned enterprises shall not engage in production activities.

LAWS RELATING TO PRODUCT LIABILITY

The Product Quality Law of the PRC (《中華人民共和國產品質量法》) (the “**Product Quality Law**”), promulgated by the SCNPC on February 22, 1993 and latest amended on December 29, 2018, the seller assumes responsibility for the repair, replacement, or return of the sold product under the following circumstances: (i) the product lacks the essential properties for its intended use without prior clear indication; (ii) the product does not meet the stated standards displayed on the product or its packaging; or (iii) the product does not match the quality as described in the product information or physical sample. In cases where a consumer incurs losses due to the purchased product, the seller is obligated to compensate for these losses. Under the Civil Code of the PRC (《中華人民共和國民法典》) (the “**Civil Code**”), promulgated by the National People’s Congress of the PRC on May 28, 2020, and became effective on January 1, 2021, manufacturers and commercial sellers bear liability for physical injury or property loss resulting from product defects. The affected party has the right to seek compensation from either the manufacturer or the commercial seller.

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LAWS AND REGULATIONS RELATING TO INTELLECTUAL PROPERTY PROTECTIONS

Patents

Pursuant to the Patent Law of the PRC (《中華人民共和國專利法》), latest amended on October 17, 2020, and taking effect from June 1, 2021, patents in China fall into three categories: invention, utility model and design. Under the currently effective PRC Patent Law, the term of patent protection starts from the date of application. Patents relating to invention, utility model and design are effective for twenty, ten and fifteen years from the date of application, respectively. The PRC Patent Law adopts the principle of “first-to-file” system, which provides that where more than one person files a patent application for the same invention, a patent will be granted to the person who first files the application.

Trademarks

Pursuant to the Trademark Law of the PRC (《中華人民共和國商標法》) promulgated by the SCNPC on August 23, 1982, latest amended on April 23, 2019, and effective from November 1, 2019, and the Implementation Regulation of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) promulgated by the State Council on August 3, 2002, later amended on April 29, 2014 and effective from May 1, 2014, registered trademarks are granted a term of ten years which may be renewed for consecutive ten-year periods upon request by the trademark owner.

Copyright

Pursuant to the Copyright Law of the PRC (《中華人民共和國著作權法》), effective on June 1, 1991 and latest amended on November 11, 2020, copyrights include personal rights such as the right of publication and that of attribution as well as property rights such as the rights of production and distribution. Reproducing, distributing, performing, projecting, broadcasting or compiling a work or communicating the same to the public via an information network without permission from the owner of the copyright therein, unless otherwise provided in the Copyright Law of the PRC, constitutes infringements of copyrights. The infringer must, according to the circumstances of the case, undertake to cease the infringement, take remedial action, and offer an apology or pay damages.

Domain Names

The Ministry of Industry and Information Technology (the “MIIT”) promulgated the Administrative Measures on the Internet Domain Names (《互聯網域名管理辦法》) on August 24, 2017 and China Internet Network Information Center promulgated the Implementing Rules of China ccTLD Registration (《國家頂級域名註冊實施細則》) on June 18, 2019. The MIIT is the main regulatory authority responsible for the administration of Internet domain names in the PRC. Domain name registrations are handled through domain name service agencies established under the relevant regulations, and the applicants become domain name holders upon successful registration.

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LAWS AND REGULATIONS RELATING TO EMPLOYMENT, SOCIAL SECURITY AND HOUSING PROVIDENT FUNDS

Labor Law, Labor Contract Law, and its Implementation Regulations

Pursuant to the Labor Law of the PRC (《中華人民共和國勞動法》) (the “**Labor Law**”) promulgated by the SCNPC on July 5, 1994 and latest amended on December 29, 2018 and the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) (the “**Labor Contract Law**”) promulgated by the SCNPC on June 29, 2007 and latest amended on December 28, 2012, and the Implementation Regulations of the Labor Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》) promulgated by the State Council on September 18, 2008 and took effect on the same date, employers shall execute written labor contracts with full-time employees. All employers shall comply with local minimum wage standards. Employers shall establish a comprehensive management system to protect the rights of their employees, including a system governing occupational health and safety to provide employees with occupational training to prevent occupational injury, and employers are also required to truthfully inform prospective employees of the job description, working conditions, location, occupational hazards and status of safe production, as well as remuneration and other conditions. Serious violations of the Labor Contract Law and the Labor Law may result in the imposition of fines and other administrative and criminal liabilities.

Regulations on Social Insurance and Housing Provident Funds

According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) promulgated by the SCNPC on October 28, 2010 and latest amended on December 29, 2018, the Interim Regulations on the Collection and Payment of Social Security Funds (《社會保險費徵繳暫行條例》) promulgated by the State Council on January 22, 1999 and latest amended on March 24, 2019, and the Regulations on the Administration of Housing Provident Funds (《住房公積金管理條例》) promulgated by the State Council on April 3, 1999 and latest amended on March 24, 2019, employers like our subsidiaries in the PRC shall provide employees with welfare schemes covering basic pension insurance, unemployment insurance, maternity insurance, work-related injury insurance, medical insurance and housing provident funds. Employers are required to make payments to the local administrative authorities, and if they fail to make such payments, the local administrative authorities shall order them to pay or make up the shortfall within a specified time limit and impose a late fee. If such payments are still not made by the deadline, a fine shall be imposed by the relevant administrative departments.

Pursuant to the Interpretation II of the Supreme People’s Court on Several Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》), which took effect on September 1, 2025, any agreement between an employer and an employee or any commitment made by an employee to the employer stating that social insurance premiums need not be paid shall be deemed invalid by the people’s court. If an employer fails to pay social insurance premiums in accordance with the law, and the employee requests to terminate the labor contract and claims economic compensation pursuant to Article 38 Paragraph 3 of the Labor Contract Law, the people’s court shall support such claims in accordance with the law. In the circumstances described in the preceding paragraph, if the employer subsequently pays the social insurance premiums in accordance with the law and requests the employee to return the compensation already paid for the social insurance premiums, the people’s court shall support such requests in accordance with the law.

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LAWS AND REGULATIONS RELATING TO CONSTRUCTION AND REAL ESTATE

Approval of or Filing for Projects

Pursuant to the Regulations on the Administration of Approval and Filing of Enterprise Investment Projects (《企業投資項目核准和備案管理條例》) promulgated by the State Council and effective on February 1, 2017, fixed asset investment projects related to national security, layout of major production capacity across the country, strategic resources development and major public interests, etc. shall be subject to administration by approval. Projects other than those prescribed above shall be subject to administration by filing.

Inspection and Acceptance of Environmental Protection Facilities

According to the Regulations on Environmental Protection Management for Construction Projects (《建設項目環境保護管理條例》) latest amended by the State Council on July 16, 2017, after the completion of the construction of a construction project for which an Environmental Impact Report or an Environmental Impact Statement has been drawn up, the construction unit shall, in accordance with the standards and procedures prescribed by the competent administrative department of environmental protection under the State Council, conduct an inspection and acceptance of the matching environmental protection facilities and prepare an inspection and acceptance report. The Interim Measures for Inspection and Acceptance of Environmental Protection upon Completion of Construction Projects (《建設項目竣工環境保護驗收暫行辦法》), which was promulgated by the former MEP on November 20, 2017 and became effective on the same date, regulate the specific procedures and standards for environmental protection inspection and acceptance by construction entities independently upon the completion of construction projects.

Construction Permits

According to the Construction Law of the PRC (《中華人民共和國建築法》) latest amended on April 23, 2019 and the Measures for the Administration of Construction Permits for Construction Projects (《建築工程施工許可管理辦法》) latest amended on March 30, 2021, for the construction, renovation and decoration of all kinds of buildings and the auxiliary facilities thereof, the installation of supporting lines, pipes and equipment, and the construction of municipal infrastructure projects in cities and towns, the construction entity shall, prior to starting the construction, apply to the housing and urban-rural development administrative department of the people’s government at or above the county level where the project is located for a construction permit. For a construction project of which investment is less than RMB300,000 or construction area is less than 300 square meters, the construction entity may be allowed not to apply for a construction permit.

Fire Protection Design Approval and Filing

The Fire Prevention Law of the PRC (《中華人民共和國消防法》) (the “**Fire Prevention Law**”) was adopted on April 29, 1998 and latest amended on April 29, 2021. The Fire Prevention Law provides that the fire prevention design and construction of a construction project must conform to the national fire prevention technical standards. The developer, designer, constructors and project supervisor shall be responsible for the quality of the fire prevention design and construction for the construction work

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according to the relevant laws. For a construction project which requires a fire prevention design under the national fire protection technical standards, a construction project fire protection design review and acceptance system shall be implemented.

According to the Fire Prevention Law and the Interim Provisions on Design Inspection and Acceptance of Fire Protection of Construction Works (《建設工程消防設計審查驗收管理暫行規定》) (the “**Interim Provisions on Fire Protection**”) promulgated by the Ministry of Housing and Urban-Rural Development of the PRC on April 1, 2020 and latest amended on August 21, 2023, the special construction works stipulated in the Interim Provisions on Fire Protection shall be subject to fire protection design review before the construction and shall be subject to fire protection inspection before put into use. Other construction works other than special construction works are required to file for fire protection inspection and acceptance and be subject to random fire protection inspection and acceptance by the competent authority of housing and urban-rural construction. If a project fails to pass the random fire protection inspection and acceptance, the project shall cease to be in use.

Completion Inspection and Acceptance

According to the Construction Law of the PRC (《中華人民共和國建築法》) and the Regulations on the Administration of Construction Project Quality (《建設工程質量管理條例》), the construction unit shall, after it receives the report of construction completion of its project, organize the units involved in the design, construction and engineering supervision to carry out the completion inspection and acceptance, and the construction works shall only be delivered for use upon passing the inspection and acceptance.

Regulations on Real Estates

Pursuant to the Land Administration Law of the PRC (《中華人民共和國土地管理法》) promulgated by the SCNPC on June 25, 1986, and latest amended on August 26, 2019, the PRC applies a system of control over the purposes of use of land, including land for agriculture, land for construction and unused land. All units and individuals shall use land in strict compliance with the purposes of use defined in the overall plans for land utilization. Registration of ownership and right to the use of land shall be governed by the laws and administrative regulations relating to real estate registration. The legally registered ownership and right to the use of land shall be protected by the law and may not be infringed upon by any entities or individuals.

Pursuant to Law of the PRC on the Administration of the Urban Real Estate (《中華人民共和國城市房地產管理法》) promulgated by the SCNPC on July 5, 1994 and latest amended on August 26, 2019, the PRC practices a system of registration and certification for land-use right and ownership of houses. Where a house has been built on the land for real estate development obtained pursuant to the law, an application for registration shall, on the strength of the certificate of land-use right, be submitted to the department of housing administration under the local people’s government at or above the county level. The department of housing administration under the local people’s government at or above the country level shall issue a housing ownership certificate after verification.

REGULATORY OVERVIEW

Regulations on Leasing

According to the Civil Code, an owner of immovable or movable property is entitled to possession, use, earnings, and disposal of such property in accordance with the law. Subject to the consent of the lessor, the lessee may sublease the leased premises to a third party. Where a lessee subleases the premises, the lease contract between the lessee and the lessor remains valid. The lessor is entitled to terminate the lease if the lessee subleases the premises without the consent of the lessor. In addition, if the ownership of the leased premises changes during the lessee’s possession in accordance with the terms of the lease contract, the validity of the lease contract shall not be affected. Moreover, pursuant to the Civil Code, if the mortgaged property has been leased and transferred for occupation prior to the establishment of the mortgage right, the original tenancy shall not be affected by such mortgage right.

On December 1, 2010, the Ministry of Housing and Urban-Rural Development promulgated the Administrative Measures on Leasing of Commodity Housing (《商品房屋租賃管理辦法》), which became effective on February 1, 2011. According to such measures, the lessor and the lessee are required to complete property leasing registration and filing formalities within 30 days from execution of the property lease contract with the development authorities or real estate authorities of the municipality or county where the leased property is located. If a company fails to do as aforesaid, it may be ordered to rectify within a stipulated period, and if such company fails to rectify, a fine ranging from RMB1,000 to RMB10,000 may be imposed on each lease agreement.

LAWS AND REGULATIONS RELATING TO FOREIGN INVESTMENT

Pursuant to the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》), the Regulation for Implementing the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》) and Measures on Reporting of Foreign Investment Information (《外商投資信息報告辦法》), which became effective on January 1, 2020, the State Council establishes a foreign investment information report system. Foreign investors or foreign — funded enterprises shall submit investment information to the competent department for commerce concerned through the enterprise registration system and the enterprise credit information publicity system. The contents and scope of foreign investment information report shall be determined under the principle of necessity.

Foreign investment in the PRC is subject to the Catalogue of Industries for Encouraging Foreign Investment (2025 edition) (《鼓勵外商投資產業目錄(2025年版)》), amended on December 15, 2025 and effective since February 1, 2026 and the Special Administrative Measures for Foreign Investment Access (Negative List) (2024 edition) (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the “**Negative List**”), amended on September 6, 2024 and effective since November 1, 2024, both of which issued by the National Development and Reform Commission and the MOFCOM. According to the Negative List, foreign investors shall not make investments in prohibited industries as specified in the Negative List, while foreign investments must satisfy certain conditions stipulated in the Negative List for investment in restricted industries. Industries not listed in the Negative List are generally deemed “permitted” for foreign investments.

REGULATORY OVERVIEW

OVERSEAS LISTING REGULATIONS

The CSRC promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the “**Overseas Listing Trial Measures**”) together with five supporting guidelines (together with the Overseas Listing Trial Measures, collectively referred to as the “**Overseas Listing Regulations**”) on February 17, 2023. Under Overseas Listing Regulations, PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to file the required documents with the CSRC within three working days after its application for overseas listing is submitted.

On February 24, 2023, the CSRC and other relevant government authorities promulgated the Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Issuance and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the “**Archives Rules**”), which became effective from March 31, 2023. Pursuant to the Archives Rules, where a domestic enterprise provides or publicly discloses any document or material that involving state secrets and working secrets of state agencies to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, it shall report to the competent department with the examination and approval authority for approval in accordance with the law, and submit to the secrecy administration department of the same level for filing. The working papers formed within the territory of the PRC by the securities companies and securities service agencies that provide corresponding services for the overseas issuance and listing of domestic enterprises shall be kept within the territory of the PRC, and cross-border transfer shall go through the examination and approval formalities in accordance with the relevant provisions of the State.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OVERVIEW

We are a world-leading independent lithium battery recycling and material recovery solution provider. According to CIC, we ranked first globally in terms of lithium battery recycling volume via third-party channels in 2025. Our history can be traced back to January 2012 when Shenzhen Jiecheng Nickel-Cobalt New Energy Technology Co., Ltd.* (深圳市杰成鎳鈷新能源科技有限公司, formerly known as Shenzhen Mingjie Weiye Technology Co., Ltd.* (深圳銘杰偉業科技有限公司)) (“**Jiecheng Limited**”) was established in the PRC after our founder, Mr. Zheng, seeing the development potential of the lithium battery recycling and material recovery industry. To cope with our expansion and strategic needs, there has been a series of equity transfers and capital increases since the establishment of our Company, including the introduction of certain influential institutional and individual investors to invest in our Company. See “— Our Corporate Development” and “— [REDACTED] Investments” in this section for the details of our Company’s historical shareholding changes.

KEY MILESTONES

The following table illustrates the key milestones of our business development:

Year	Key milestones
2012	Jiecheng Limited was established in the PRC.
2016	We established a research, development, and testing center in Shenzhen;
2020	We obtained the environmental impact assessment filing qualification for the collection and storage of waste lithium batteries in Shenzhen (深圳市廢舊鋰電池收集貯存環評備案資質); We were certified as a “National High-Tech Enterprise” (國家級高新技術企業認證).
2021	We established our major subsidiary Jiangmen Jiecheng in Jiangmen, the PRC; We received the “Shenzhen Specialized, Sophisticated, Distinctive, and Innovative Enterprise Certification” (深圳市專精特新認證); We jointly established an industry-academia-research cooperation base with Central South University.
2022	We initiated the preparatory work for our circular economy industrial base in Jiangsu; We commenced the construction of a comprehensive utilization industrial base in Jiangmen, the PRC; We obtained the Whitelist Qualification from the Ministry of Industry and Information Technology (工信部白名單資質).

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Year	Key milestones
2023	We were awarded the title of “Shenzhen Famous Brand” (深圳知名品牌); We completed the internal renovation of our circular economy industrial base in Jiangsu and commenced production at such base.
2024	Our Jiangmen base commenced production; We were awarded the Guangdong Provincial Manufacturing Single Champion Enterprise (廣東省製造業單項冠軍企業); We were recognized as a “National-Level Specialized, Sophisticated, Distinctive, and Innovative ‘Little Giant’ Enterprise” (國家級專精特新“小巨人”企業稱號); We were designated as the Guangdong Province Engineering Technology Research Center for High-Value Utilization of Retired Power Batteries; We commenced the construction of the Lithium Battery New Energy Building as our group headquarters.
2025	We were honored as one of the “Top 500 Enterprises in Shenzhen” (深圳企業500強); We received the China Association of Circular Economy Science and Technology Progress Award* (中國循環經濟協會科技進步獎) in 2025.
2026	Our Company was converted from a limited liability company to a joint stock company with limited liability; We were awarded the honorary title of “Shenzhen Advanced Collective” (深圳市先進集體). We were recognized as a “National-Level Key ‘Little Giant’ Enterprise” (國家重點“小巨人”企業稱號)

OUR CORPORATE DEVELOPMENT

Our History

Establishment of Jiecheng Limited

On January 10, 2012, Jiecheng Limited was established in the PRC with the registered capital RMB100,000, of which Mr. Zheng subscribed for RMB90,000 and Yang Zebin (楊澤濱, brother of Mr. Zheng’s ex-wife) subscribed for RMB10,000.

Upon the establishment of Jiecheng Limited, it was owned as to 90% by Mr. Zheng and 10% by Yang Zebin.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Capital Increase in January 2014

On January 3, 2014, Jiecheng Limited increased its registered capital from RMB100,000 to RMB1,000,000. The newly increased registered capital of RMB810,000 was subscribed by Mr. Zheng, and RMB90,000 was subscribed by Yang Zebin.

Capital Increase and share transfer from September 2018 to December 2021

On September 18, 2018, Jiecheng Limited increased its registered capital from RMB1,000,000 to RMB10,000,000. The newly increased registered capital of RMB8,100,000 was subscribed by Mr. Zheng, and RMB900,000 was subscribed by Yang Zebin.

From July 2019 to August 2021, there were several transfers of equity interest of Jiecheng Limited between the then shareholders, among which: (1) Mr. Zheng transferred his 5% equity interest to Guo Xingyun (郭興雲), who subsequently transferred her 3% equity interest to Zhang Qiuhui and 2% equity interest to Yang Haoyu; (2) Yang Zebin transferred his 5% equity interest to Ding Baidong (丁柏棟) and 5% equity interest to Zhang Qiuhui; (3) Mr. Zheng transferred his 2% equity interest to Zhang Qiuhui and 2% equity interest to Ding Baidong; and (4) Mr. Zheng transferred his 7% equity interest to Shenzhen Yongchangxuan, 3% equity interest to Lin Xiaojie (林曉杰), 1% equity interest to Yang Haoyu, and 50% equity interest to Shenzhen Jiecheng Investment.

On November 1, 2021, Jiecheng Limited increased its registered capital to RMB30,000,000. The shareholders of Jiecheng Limited subscribed for the increased capital in proportion to their existing shareholdings.

On December 21, 2021, Jiecheng Limited increased its registered capital from RMB30,000,000 to RMB31,578,947. The newly increased registered capital of RMB1,578,947 was subscribed by Shenzhen Jiecheng Mingchehui.

Series A Financing in 2022 and Equity Transfers in 2022

On January 25, 2022, Jiecheng Limited increased its registered capital from RMB31,578,947 to RMB32,338,911. The newly increased registered capital of RMB759,964 was subscribed by Shenzhen Jiecheng Mingchehui.

On May 30, 2022, there were several transfers of equity interest of Jiecheng Limited between the then shareholders, among which: (1) Mr. Zheng transferred his 5% equity interest to Shenzhen Jiecheng Enterprise Management; (2) Ding Baidong transferred his 6.49% equity interest to Shenzhen Jiecheng Enterprise Management; (3) Zhang Qiuhui transferred his 9.28% equity interest to Shenzhen Jiecheng Enterprise Management; (4) Yang Haoyu transferred his 2.78% equity interest to Shenzhen Jiecheng Enterprise Management; (5) Lin Xiaojie transferred his 2.78% equity interest to Shenzhen Jiecheng Enterprise Management; and (6) Shenzhen Jiecheng Investment transferred its 5% equity interest to Shenzhen Jiecheng Zhiyuan.

On June 20, 2022, Jiecheng Limited increased its registered capital from RMB32,338,911 to RMB36,457,809. Under the capital increase agreement dated June 20, 2022, the newly increased registered capital of RMB4,118,898 was subscribed by Guangdong Yuecai SME Equity Investment Fund Partnership Enterprise (Limited Partnership)* (廣東粵財中小企業股權投資基金合夥企業(有限合夥)),

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

“**Yuecai Investment**”), Zhuhai Hengqin Yixingbanyue Investment Partnership (L.P.)* (珠海橫琴依星伴月投資合夥企業(有限合夥), “**Hengqin Yixing**”), Shanghai Guangpu Venture Capital Co., Ltd* (上海光朴創業投資管理有限公司, “**Shanghai Guangpu**”), Nantong Wujie Enterprise Management Partnership Enterprise (Limited Partnership)* (南通伍杰企業管理合夥企業(有限合夥), “**Nantong Wujie**”), Shenzhen Longgang District Jinteng Industrial Investment Partnership Enterprise (Limited Partnership)* (深圳龍崗區金騰產業投資合夥企業(有限合夥), “**Shenzhen Jinteng**”), Xinyu Xinye Equity Investment Center (Limited Partnership)* (新餘新業股權投資中心(有限合夥), “**Xinyu Xinye**”), Wu Lijue, and Shenzhen Jiecheng Enterprise Management as to RMB1,437,285, RMB22,637, RMB718,642, RMB503,050, RMB359,321, RMB359,321, RMB359,321 and RMB359,321 of the newly increased registered capital, respectively.

On September 26, 2022, Jiecheng Limited increased its registered capital from RMB36,457,809 to RMB37,176,458. The newly increased registered capital of RMB718,649 was subscribed by Shenzhen Jiecheng Zhiyuan.

Series B Financing in 2023

On February 20, 2023, Jiecheng Limited increased its registered capital from RMB37,176,458 to RMB43,917,246. Under the capital increase agreement dated February 20, 2023, the newly increased registered capital of RMB6,740,788 was subscribed by Shanghai Yunjuan Enterprise Management Consulting Co., Ltd.* (上海雲鐫企業管理諮詢有限公司, “**Shanghai Yunjuan**”), Shenzhen Qianhai Hongtu M&A Fund Partnership Enterprise (Limited Partnership)* (深圳前海紅土併購基金合夥企業(有限合夥), “**Qianhai Hongtu**”), Hangzhou Haoxing Enterprise Management Partnership (Limited Partnership)* (杭州灝星企業管理合夥企業(有限合夥), “**Hangzhou Haoxing**”), Hongwan Boguan (Zhaoqing) Equity Investment Partnership Enterprise (Limited Partnership)* (弘灣博觀(肇慶)股權投資合夥企業(有限合夥), “**Zhaoqing Hongwan Boguan**”), Shenzhen Venture Capital Small and Medium Enterprise Development Fund (Xinjiang) Limited Partnership Enterprise* (深創投中小企業發展基金(新疆)有限合夥企業, “**Shenzhen Venture Capital Xinjiang**”), Huzhou Zifeng Xiangxing Equity Investment Partnership Enterprise (Limited Partnership)* (湖州紫峰祥興股權投資合夥企業(有限合夥), “**Huzhou Zifeng**”), Jiangmen Xinhui Xinkong Dual Carbon Industry Fund Co., Ltd.* (江門市新會新控雙碳產業基金有限公司, “**Xinhui Xinkong**”), Shenzhen Herong Smart No.1 Investment Enterprise (Limited Partnership)* (深圳市和榮機智一號投資企業(有限合夥), “**Shenzhen Herong**”), Shenzhen Capital Group Co., Ltd* (深圳市創新投資集團有限公司, “**Shenzhen Venture Capital**”), Shenzhen Jinteng, and Liyang Municipal Government Investment Fund (Limited Partnership)* (溧陽市政府投資基金(有限合夥), “**Liyang Investment Fund**”) Fund as to RMB1,634,130, RMB1,225,598, RMB1,021,331, RMB612,799, RMB408,533, RMB408,533, RMB408,533, RMB408,533, RMB204,266, RMB204,266 and RMB204,266, respectively. The excess of the capital contribution over the registered capital was recorded as capital reserve.

Share Transfer in September 2025

On June 25, 2025, Hangzhou Haoxing and Shenzhen Jundacheng Intelligent Technology Co., Ltd.* (深圳市君達成智能科技有限公司, “**Shenzhen Jundacheng**”) entered into a share transfer agreement, pursuant to which, Hangzhou Haoxing transferred its 2.3256% equity interest in Jiecheng Limited to Shenzhen Jundacheng. The relevant filings with local government authority in relation to such equity transfer was completed on September 26, 2025.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Conversion into a joint stock company with limited liability in March 2026

On March 19, 2026, our Company was converted into a joint stock company with limited liability and was renamed as Shenzhen Jiecheng New Energy Technology Co., Ltd.* (深圳杰成新能源科技股份有限公司) with our registered share capital of RMB43,917,246 and divided into 43,917,246 Shares. Our Shareholders’ respective shareholding percentage remain unchanged immediately before and after the joint stock conversion.

Series C Financing in 2026

On April 30, 2026, we further increased the registered capital of our Company from RMB43,917,246 to RMB44,673,129. Under the capital increase agreement dated April 30, 2026, the newly increased registered capital of RMB755,883 was subscribed by Xinyu Weisen No. 1 Venture Capital Fund Partnership (Limited Partnership)* (新余市威森一號創業投資基金合夥企業(有限合夥)), “**Xinyu Weisen**”), Shenzhen Yongchangxuan and Guangdong Shuishih Investment Co., Ltd.* (廣東水石投資有限公司, “**Guangdong Shuishih**”), specifically: (1) Xinyu Weisen subscribed with RMB333,602; (2) Shenzhen Yongchangxuan subscribed with RMB253,369; and (3) Guangdong Shuishih subscribed with RMB168,912.

Employee Incentive Schemes

In recognition of the contributions of our key employees and to incentivize them to further promote our development we adopted an employee stock ownership plan (“**ESOP**”) by our employee incentive holding platform Shenzhen Jiecheng Zhiyuan on April 30, 2026. See “Statutory and General Information — Employee Incentive Scheme” in Appendix VII to this Document for details of our employee incentive schemes.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

CAPITALIZATION OF OUR COMPANY

The table below summarizes the shareholding structure of our Company as of the Latest Practicable Date, and immediately upon the [REDACTED] and the completion of the [REDACTED]:

No.	Shareholders	Shareholding (after [REDACTED])	Shareholding Percentage (%)	
			As of the Latest Practicable Date	Immediately upon completion of the [REDACTED] (assuming the [REDACTED] are not exercised)
1	Shenzhen Jiecheng Investment	[REDACTED]	29.9577%	[REDACTED]
2	Shenzhen Jiecheng Enterprise Management	[REDACTED]	19.8694%	[REDACTED]
3	Mr. Zheng	[REDACTED]	9.8114%	[REDACTED]
4	Shenzhen Yongchangxuan	[REDACTED]	5.2680%	[REDACTED]
5	Shenzhen Jiecheng Mingchahui	[REDACTED]	5.2356%	[REDACTED]
6	Shenzhen Jiecheng Zhiyuan	[REDACTED]	5.2282%	[REDACTED]
7	Shanghai Yunjuan	[REDACTED]	3.6580%	[REDACTED]
8	Yuecai Investment	[REDACTED]	3.2173%	[REDACTED]
9	Qianhai Hongtu	[REDACTED]	2.7435%	[REDACTED]
10	Shenzhen Jundacheng	[REDACTED]	2.2862%	[REDACTED]
11	Shanghai Guangpu	[REDACTED]	1.6087%	[REDACTED]
12	Zhaoqing Hongwan Boguan	[REDACTED]	1.3717%	[REDACTED]
13	Shenzhen Jinteng	[REDACTED]	1.2616%	[REDACTED]
14	Nantong Wujie	[REDACTED]	1.1261%	[REDACTED]
15	Shenzhen Venture Capital Xinjiang	[REDACTED]	0.9145%	[REDACTED]
16	Huzhou Zifeng	[REDACTED]	0.9145%	[REDACTED]
17	Xinhui Xinkong	[REDACTED]	0.9145%	[REDACTED]
18	Shenzhen Herong	[REDACTED]	0.9145%	[REDACTED]
19	Xinyu Xinye	[REDACTED]	0.8043%	[REDACTED]
20	Wu Lijue	[REDACTED]	0.8043%	[REDACTED]
21	Xinyu Weisen	[REDACTED]	0.7468%	[REDACTED]
22	Shenzhen Venture Capital	[REDACTED]	0.4572%	[REDACTED]
23	Liyang Investment Fund	[REDACTED]	0.4572%	[REDACTED]
24	Guangdong Shuishi	[REDACTED]	0.3781%	[REDACTED]

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

No.	Shareholders	Shareholding (after [REDACTED])	Shareholding Percentage (%)	
			As of the Latest Practicable Date	Immediately upon completion of the [REDACTED] (assuming the [REDACTED] are not exercised)
25	Hengqin Yixing	[REDACTED]	0.0507%	[REDACTED]
Total		<u>[REDACTED]</u>	<u>100.0000</u>	<u>[REDACTED]</u>

MAJOR SUBSIDIARIES

The date of establishment or completion of acquisition and principal business activities of each member of our Group that made a material contribution to our results of operations during the Track Record Period are set forth below:

Name of company	Date of establishment	Principal business activities
Jiangmen Jiecheng	August 23, 2021	Lithium battery recycling and material recovery, including material recovery, hydrometallurgical processing and cascade utilization
Jiangsu Jiecheng	October 17, 2022	Lithium battery recycling and material recovery, including material recovery, cascade utilization, and the R&D and manufacturing of material restoration products

ACQUISITIONS, MERGERS AND DISPOSALS

In order to optimize our business structure and enhance our overall management efficiency of our Group, on April 29, 2024, our Company transferred its 55% shares in Guangdong Environmental Protection to Huizhou Runjia Yanke Environmental Protection Technology Co., Ltd.* (惠州市潤嘉彥科環保科技有限公司, “**Huizhou Runjia**”, an Independent Third Party) at a consideration of RMB7.15 million. Prior to the disposal, Guangdong Environmental Protection was 55% owned by our Company and 45% owned by another Independent Third Party. The consideration was determined with reference to the registered capital of Guangdong Environmental Protection taking into account its operating results. The disposal was completed and fully settled the consideration on December 17, 2024. To the best of the knowledge of the Directors, Guangdong Environmental Protection did not have any material non-compliance during the Track Record Period and up to the date of disposal. The disposal was legally and properly completed and all applicable regulatory approvals for the disposal have been obtained. Upon completion of the disposal, Guangdong Environmental Protection ceased to be our subsidiary. Save as disclosed above, throughout the Track Record Period and up to the Latest Practicable Date, we did not conduct any material acquisitions, mergers or disposals.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

[REDACTED] INVESTMENTS

Principal terms of the [REDACTED] Investments

The following table sets forth a summary of the details of the [REDACTED] Investments:

No.	Financing Round	Nature of the [REDACTED] Investment	Name of [REDACTED] Investor	Date of agreement	Consideration payment date	Amount of registered capital subscribed/acquired (RMB)	Consideration ⁽¹⁾ (RMB)	Cost per Share paid ⁽²⁾ (RMB)	Cost per Share paid equivalent to HKD approximately ⁽²⁾ (HK\$)	Discount to the [REDACTED] ⁽³⁾ (%)	The then valuation of our Company ⁽⁴⁾ (RMB)	Shareholding in our Company immediately before the [REDACTED] (%)	Shareholding in our Company immediately upon the [REDACTED] and the [REDACTED] ⁽⁵⁾ (%)
1.			Yuecai Investment	June 20, 2022	June 24, 2022	1,437,285	40.0 million	[REDACTED]	[REDACTED]	[REDACTED]		3.2173%	[REDACTED]
2.			Shanghai Guanggu	June 20, 2022	June 29, 2022	718,642	20.0 million	[REDACTED]	[REDACTED]	[REDACTED]	Pre-money valuation:	1.6087%	[REDACTED]
3.			Nantong Wujie	June 20, 2022	July 18, 2022	503,050	14.0 million	[REDACTED]	[REDACTED]	[REDACTED]	900.0 million;	1.1261%	[REDACTED]
4.	Series A Financing	Capital increase	Xinyu Xinye	June 20, 2022	August 10, 2022	359,321	10.0 million	[REDACTED]	[REDACTED]	[REDACTED]		0.8043%	[REDACTED]
5.			Wu Lijue	June 20, 2022	January 30, 2022	359,321	10.0 million	[REDACTED]	[REDACTED]	[REDACTED]	Post-money valuation:	0.8043%	[REDACTED]
6.			Hengqin Yixing	June 20, 2022	July 1, 2022	22,637	0.63 million	[REDACTED]	[REDACTED]	[REDACTED]	1,014.6 million ⁽⁶⁾	0.0507%	[REDACTED]
7.			Shenzhen Jinteng	June 20, 2022	June 28, 2022	359,321	10.0 million	[REDACTED]	[REDACTED]	[REDACTED]		1.2616%	[REDACTED]
				February 20, 2023	March 20, 2023	204,266	10.0 million	[REDACTED]	[REDACTED]	[REDACTED]	Pre-money valuation:		
8.			Shanghai Yunjuan	February 20, 2023	March 14, 2023	1,634,130	80.0 million	[REDACTED]	[REDACTED]	[REDACTED]	1,820.0 million;		
9.			Qianhai Honggu	February 20, 2023	March 17, 2023	1,223,598	60.0 million	[REDACTED]	[REDACTED]	[REDACTED]		3.6580%	[REDACTED]
10.			Zhaoping Hongwan Boguan	February 20, 2023	March 10, 2023	612,799	30.0 million	[REDACTED]	[REDACTED]	[REDACTED]	Post-money valuation:	2.7435%	[REDACTED]
11.	Series B Financing	Capital increase	Shenzhen Venture Capital Xinjiang	February 20, 2023	March 17, 2023	408,533	20.0 million	[REDACTED]	[REDACTED]	[REDACTED]	2,150.0 million	1.3717%	[REDACTED]
12.			Huzhou Zifeng	February 20, 2023	December 14, 2022	408,533	20.0 million	[REDACTED]	[REDACTED]	[REDACTED]		0.9145%	[REDACTED]
13.			Xinlun Xinkong	February 20, 2023	March 7, 2023	408,533	20.0 million	[REDACTED]	[REDACTED]	[REDACTED]		0.9145%	[REDACTED]
14.			Shenzhen Herong	February 20, 2023	March 31, 2023	408,533	20.0 million	[REDACTED]	[REDACTED]	[REDACTED]		0.9145%	[REDACTED]
15.			Shenzhen Venture Capital	February 20, 2023	March 17, 2023	204,266	10.0 million	[REDACTED]	[REDACTED]	[REDACTED]		0.4572%	[REDACTED]
16.			Liyang Investment Fund	February 20, 2023	March 9, 2023	204,266	10.0 million	[REDACTED]	[REDACTED]	[REDACTED]		0.4572%	[REDACTED]
17.		Share transfer	Shenzhen Jundacheng	June 25, 2025	July 23, 2025	1,021,331	61.46 million	[REDACTED]	[REDACTED]	[REDACTED]	2,640.0 million	2.2862%	[REDACTED]
18.	Series C Financing	Capital increase	Xinyu Weisen	April 30, 2026	May 25, 2026	333,602	19.75 million	[REDACTED]	[REDACTED]	[REDACTED]	Pre-money valuation:	0.7468%	[REDACTED]
19.			Guangdong Shuishi	April 30, 2026	December 30, 2025	168,912	10.0 million	[REDACTED]	[REDACTED]	[REDACTED]	Post-money valuation:	0.3781%	[REDACTED]
											2,644.75 million ⁽⁷⁾		

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Notes:

- (1) In respect of subscription of new registered share capital of the Company, the consideration was determined after arm’s length negotiations between the Company and the [REDACTED] Investors with reference to the status of milestones, the timing of the investments, the market value, and the prospects of our business etc.
- (2) The cost per Share paid is calculated based on dividing the consideration by the number of Shares subscribed or acquired taking into consideration the various rounds of capital increase, the [REDACTED], and the joint stock conversion. For details of the joint stock conversion, see “— Our Corporate Development — Joint Stock Conversion” in this section.
- (3) The discount to the [REDACTED] is calculated based on the assumption that the [REDACTED] is [REDACTED] per H Share, being the mid-point of the indicative [REDACTED] range of [REDACTED] to [REDACTED] per H Share.
- (4) In respect of subscription of new registered share capital of the Company, the post-money valuation is calculated by dividing the total consideration for the subscription of the Company’s issued share capital under the relevant round of the [REDACTED] Investment by the percentage of the newly subscribed Company’s issued share capital at the relevant time.
- (5) The shareholding in our Company immediately upon the [REDACTED] and the [REDACTED] is based on the assumption that the [REDACTED] are not exercised.
- (6) The post-money valuation was calculated after taking into account the consideration of RMB1,004.6 million paid by the said [REDACTED] Investors and RMB10.0 million paid by Shenzhen Jiecheng Enterprise Management;
- (7) The post-money valuation was calculated after taking into account the consideration of RMB29.75 million paid by the said [REDACTED] Investors and RMB15.0 million paid by Shenzhen Yongchangxuan.

Use of [REDACTED] from the [REDACTED] Investments

As of the Latest Practicable Date, approximately [REDACTED] of the [REDACTED] from the [REDACTED] Investments had been utilized for our general operation and business development. The remaining [REDACTED] from the [REDACTED] Investments will continue to be utilized for our general operation and business development.

Special rights of the [REDACTED] Investors

We granted customary special rights to the [REDACTED] Investors under the [REDACTED] Investments, including, among others, the redemption right, preemptive right, right of first refusal, anti-dilution right and director nomination right. On May 26, 2026, our Company, our Controlling Shareholders and the [REDACTED] Investors entered into an agreement for the termination of special shareholders’ rights, pursuant to which the repurchase rights, anti-dilution rights and other special shareholders’ rights relating to redemption and anti-dilution protection were terminated from the date immediately prior to our Company’s first submission of the [REDACTED] to the [REDACTED]. All other remaining special rights shall automatically cease to have effect upon the [REDACTED]. In addition, pursuant to such agreement, the rights of redemption under which the Company bears the responsibilities have been irrecoverably terminated and shall be *void ab initio*, while such [REDACTED] Investors have the right to request in writing that the Controlling Shareholders jointly and severally repurchase all of their shares in the Company at that time in accordance with the terms of such agreement.

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Information about the [REDACTED] Investors

The background information of our [REDACTED] Investors is set out below.

Shanghai Yunjuan

Shanghai Yunjuan is a company established in the PRC on November 10, 2021, which primarily engages in enterprise management consultation. Shanghai Yunjuan was acquainted with our Company through normal business activities. Based on the public information available, as of the Latest Practicable Date, it was wholly owned by Ant Chain (Shanghai) Digital Technology Co., Ltd.* (螞蟻鏈(上海)數字科技有限公司), which in turn was wholly owned by Antchain International Company Limited (螞蟻鏈國際有限公司), and in turn was 35% indirectly owned by Taobao China Holding Limited (淘寶中國控股有限公司) and no other shareholders held 30% or more of the interests. Taobao China Holding Limited was wholly owned by Alibaba Group Holding Limited (阿里巴巴集團控股有限公司) (stock code:9988 and BABA, a company listed on the Hong Kong Stock Exchange and New York Stock Exchange). To the best knowledge of the Directors, each of the aforesaid entity and its ultimate beneficial owner is an Independent Third Party.

Yuecai Investment

Yuecai Investment is a limited liability partnership established in the PRC on June 26, 2019, which primarily engages in private equity investment. Yuecai Investment was acquainted with the Company through normal business activities. Based on the public information available, as of the Latest Practicable Date, it was 2.7% owned by Guangdong Yuecai Private Equity Investment Co., Ltd.* (粵財私募股權投資(廣東)有限公司, “**Yuecai Private Equity**”) as its general partner, and no limited partners held 30% or more of the partnership interests in Yuecai Investment. Yuecai Private Equity was wholly owned by Guangdong Yueong Investment Holding Co., Ltd.* (廣東粵財投資控股有限公司), which was owned as to 94.5965% by Guangdong Provincial People’s Government* (廣東省人民政府). To the best knowledge of the Directors, each of the aforesaid entity and its ultimate beneficial owner is an Independent Third Party.

Qianhai Hongtu

Qianhai Hongtu is a limited liability partnership established in the PRC on December 28, 2018, which primarily engages in private equity investment and investment management. Qianhai Hongtu was acquainted with the Company through normal business activities. Based on the public information available, as of the Latest Practicable Date, it was 0.5% owned by Shenzhen Venture Capital Industry Integration Investment (Shenzhen) Co., Ltd.* (深創投產業整合投資(深圳)有限公司, “**Shenzhen Industry Integration**”) as its general partner, and 35.3% owned by Shenzhen Hongtu Venture Capital Co., Ltd.* (深圳市紅土創業投資有限公司, “**Shenzhen Hongtu Venture Capital**”) as its limited partner, and no limited partners held 30% or more of the partnership interests in Qianhai Hongtu. Shenzhen Industry Integration was 95% owned by Shenzhen Venture Capital Hongtu Private Equity Investment Fund Management (Shenzhen) Co., Ltd.* (深創投紅土私募股權投資基金管理(深圳)有限公司), a company wholly owned by Shenzhen Chuangxin Capital Group Co., Ltd.* (深圳市創新投資集團有限公司), which in turn was 28.1952% owned by the Shenzhen Municipal People’s Government State-owned Assets Supervision and Administration Commission* (深圳市人民政府國有資產監督管理委員會) as its largest shareholder and no

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shareholders held 30% or more of the interests. Shenzhen Hongtu Venture Capital was wholly owned by Shenzhen Chuangxin Capital Group Co., Ltd.* (深圳市創新投資集團有限公司) which in turn was 28.1952% owned by the Shenzhen Municipal People’s Government State-owned Assets Supervision and Administration Commission* (深圳市人民政府國有資產監督管理委員會) as its largest shareholder and no shareholders held 30% or more of the interests. To the best knowledge of the Directors, each of the aforesaid entity and its ultimate beneficial owner is an Independent Third Party.

Shenzhen Jundacheng

Shenzhen Jundacheng is a company established in the PRC on June 9, 2025, which primarily engages in artificial intelligence industry application system integration services and artificial intelligence basic software development. Shenzhen Jundacheng was acquainted with the Company through normal business activities. Based on the public information available, as of the Latest Practicable Date, it was wholly owned by Huang Zitao (黃梓濤). To the best knowledge of the Directors, each of the aforesaid entity and its ultimate beneficial owner is an Independent Third Party.

Shanghai Guangpu

Shanghai Guangpu is a company established in the PRC on July 6, 2015, which primarily engages in private equity investment management. Shanghai Guangpu was acquainted with the Company through normal business activities. Based on the public information available, as of the Latest Practicable Date, it was 51.0284% owned by Jingji Intelligent Equipment (Nantong) Co., Ltd.* (精技智能裝備(南通)有限公司), a company wholly owned by Kinergy Corporation Ltd., which in turn was owned as to 33.09% by Lin Guocai (林國財) and no other shareholders held 30% or more of the interests. To the best knowledge of the Directors, each of the aforesaid entity and its ultimate beneficial owner is an Independent Third Party.

Zhaoqing Hongwan Boguan

Zhaoqing Hongwan Boguan is a limited liability partnership established in the PRC on December 23, 2020, which primarily engages in private equity investment and venture capital investment. Zhaoqing Hongwan Boguan was acquainted with the Company through normal business activities. Based on the public information available, as of the Latest Practicable Date, it was 1% owned by Shenzhen Hongwan Venture Capital Co., Ltd.* (深圳市弘灣創業投資有限公司, “**Hongwan Venture Capital**”) as its general partner, and 37.5% by Zhaoqing Guoxin Industrial Investment Co., Ltd.* (肇慶國鑫產業投資有限公司, “**Zhaoqing Guoxin**”) as its limited partner, and no limited partners held 30% or more of the partnership interests in Zhaoqing Hongwan Boguan. Hongwan Venture Capital was wholly owned by Shenzhen Chiwan Industrial Development Co., Ltd.* (深圳市赤灣產業發展有限公司), a company 36.52% owned by China Merchants (Nan Shan) Holdings Limited (招商局(南山)控股有限公司) as its largest shareholder which in turn was ultimately owned in aggregated 37.65% by the State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會), and no other shareholders held 30% or more of the interests. Zhaoqing Guoxin was wholly owned by Zhaoqing New Area Investment Holdings Co., Ltd.* (肇慶新區投資控股有限公司), a company wholly owned by Zhaoqing Guoying Investment Co., Ltd.* (肇慶市國盈投資有限公司), which in turn was wholly owned by State-owned Assets Supervision and Administration Commission of

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Zhaoqing Municipal People’s Government* (肇慶市人民政府國有資產監督管理委員會). To the best knowledge of the Directors, each of the aforesaid entity and its ultimate beneficial owner is an Independent Third Party.

Shenzhen Jinteng

Shenzhen Jinteng is a limited liability partnership established in the PRC on April 29, 2020, which primarily engages in venture capital investment. Shenzhen Jinteng was acquainted with the Company through normal business activities. Based on the public information available, as of the Latest Practicable Date, it was 1% owned by Shenzhen Longgang District Entrepreneurship Investment Guidance Fund Management Co., Ltd.* (深圳市龍崗區創業投資引導基金管理有限公司) as its general partner, which in turn was indirectly wholly owned by Shenzhen Longgang District Finance Bureau* (深圳市龍崗區財政局); and 99% by Shenzhen Longgang District Guiding Fund Investment Co., Ltd.* (深圳市龍崗區引導基金投資有限公司) as its limited partner, which in turn was indirectly wholly owned by Shenzhen Longgang District Finance Bureau* (深圳市龍崗區財政局). To the best knowledge of the Directors, each of the aforesaid entity and its ultimate beneficial owner is an Independent Third Party.

Nantong Wujie

Nantong Wujie is a limited liability partnership established in the PRC on June 10, 2022, which primarily engages in enterprise management consultation. Nantong Wujie was acquainted with the Company through normal business activities. Based on the public information available, as of the Latest Practicable Date, it was 14.2454% owned by Du Xiaotang (杜曉堂) as its general partner, and 35.6135% by Li Juanming (李涓茗) as its limited partner, and no limited partners held 30% or more of the partnership interests in Nantong Wujie. To the best knowledge of the Directors, each of the aforesaid entity and its ultimate beneficial owner is an Independent Third Party.

Shenzhen Venture Capital Xinjiang

Shenzhen Venture Capital Xinjiang is a limited liability partnership established in the PRC on December 8, 2021, which primarily engages in venture capital investment. Shenzhen Venture Capital Xinjiang was acquainted with the Company through normal business activities. Based on the public information available, as of the Latest Practicable Date, it was 1.279% owned by Shanghai Hongtu Innovation Private Equity Fund Management Co., Ltd.* (上海紅土創新私募基金管理有限公司, “**Shanghai Hongtu**”) as its general partner, and no limited partners 30% or more of the partnership interests in Shenzhen Venture Capital Xinjiang. Shanghai Hongtu was wholly owned by Shenzhen Venture Capital Hongtu Private Equity Investment Fund Management (Shenzhen) Co., Ltd.* (深創投紅土私募股權投資基金管理(深圳)有限公司), a company wholly owned by Shenzhen Chuangxin Capital Group Co., Ltd.* (深圳市創新投資集團有限公司) which in turn was 28.1952% owned by the Shenzhen Municipal People’s Government State-owned Assets Supervision and Administration Commission* (深圳市人民政府國有資產監督管理委員會) as its largest shareholder and no shareholders held 30% or more of the interests. To the best knowledge of the Directors, each of the aforesaid entity and its ultimate beneficial owner is an Independent Third Party.

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Huzhou Zifeng

Huzhou Zifeng is a limited liability partnership established in the PRC on July 19, 2022, which primarily engages in equity investment. Huzhou Zifeng was acquainted with the Company through normal business activities. Based on the public information available, as of the Latest Practicable Date, it was 1.0545% owned by Beijing Zifeng Venture Capital Co., Ltd.* (北京紫峰投資管理有限公司) as its general partner, which in turn was 27.7887% owned by Yang Xiaoning (楊小寧) as its largest shareholder and no other shareholders held 30% or more of the interests; and 59.754% by Huzhou Zifeng Maohua Equity Investment Partnership Enterprise (Limited Partnership)* (湖州紫峰茂華股權投資合夥企業(有限合夥), “**Zifeng Maohua**”) as its limited partner, and no other limited partners held 30% or more of the interests. Zifeng Maohua was 1.1696% owned by Beijing Zifeng Venture Capital Co., Ltd.* (北京紫峰投資管理有限公司) as its general partner, which in turn was 27.7887% owned by Yang Xiaoning (楊小寧) as its largest shareholder and no other shareholders held 30% or more of the interests, and no limited partners held 30% or more of the interests. To the best knowledge of the Directors, each of the aforesaid entity and its ultimate beneficial owner is an Independent Third Party.

Xinhui Xinkong

Xinhui Xinkong is a company established in the PRC on November 28, 2016, which primarily engages in venture capital investment. Xinhui Xinkong was acquainted with the Company through normal business activities. Based on the public information available, as of the Latest Practicable Date, it was owned as to 48.625% by Jiangmen Xinhui District State-owned Assets Management Office (Jiangmen Xinhui District State-owned Assets Management Service Center)* (江門市新會區國有資產管理辦公室(江門市新會區國有資產管理服務中心)), and 47.5% by Jiangmen Xinhui Yinhai Development Co., Ltd.* (江門市新會銀海集團有限公司), which in turn was wholly owned by Jiangmen Xinhui Xinkong Group Co., Ltd.* (江門市新會新控集團有限公司), a company wholly by Jiangmen Xinhui District State-owned Assets Management Office (Jiangmen Xinhui District State-owned Assets Management Service Center)* (江門市新會區國有資產管理辦公室(江門市新會區國有資產管理服務中心)). To the best knowledge of the Directors, each of the aforesaid entity and its ultimate beneficial owner is an Independent Third Party.

Shenzhen Herong

Shenzhen Herong is a limited liability partnership established in the PRC on January 19, 2023, which primarily engages in venture capital investment. Shenzhen Herong was acquainted with the Company through normal business activities. Based on the public information available, as of the Latest Practicable Date, it was 14.6341% owned by Herong Private Equity Fund Management (Hainan) Co., Ltd.* (和榮私募基金管理(海南)有限公司) as its general partner which in turn was owned as to 95.1691% by Zhao Guirong (趙桂榮) and 4.8309% by Yang Junning (楊均寧), and no limited partners held 30% or more of the interests. To the best knowledge of the Directors, each of the aforesaid entity and its ultimate beneficial owner is an Independent Third Party.

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Xinyu Xinye

Xinyu Xinye is a limited liability partnership established in the PRC on December 16, 2020, which primarily engages in equity investment and investment management. Xinyu Xinye was acquainted with the Company through normal business activities. Based on the public information available, as of the Latest Practicable Date, it was 1.0791% owned by Shenzhen Xinyi Yuantong Investment Management Co., Ltd.* (深圳市新意遠通投資管理有限公司) as its general partner which in turn was wholly owned by Xu Baoling (徐寶玲), and no limited partners held 30% or more of the interests. To the best knowledge of the Directors, each of the aforesaid entity and its ultimate beneficial owner is an Independent Third Party.

Shenzhen Venture Capital

Shenzhen Venture Capital is a company established in the PRC on August 25, 1999, which primarily engages in venture capital investment. Shenzhen Venture Capital was acquainted with the Company through normal business activities. Based on the public information available, as of the Latest Practicable Date, it was 28.1952% owned by the Shenzhen Municipal People’s Government State-owned Assets Supervision and Administration Commission* (深圳市人民政府國有資產監督管理委員會) as its largest shareholder and no shareholders held 30% or more of the interests. To the best knowledge of the Directors, each of the aforesaid entity and its ultimate beneficial owner is an Independent Third Party.

Liyang Investment Fund

Liyang Investment Fund is a limited liability partnership established in the PRC on March 17, 2021, which primarily engages in equity investment and investment management. Liyang Investment Fund was acquainted with the Company through normal business activities. Based on the public information available, as of the Latest Practicable Date, it was 0.1% owned by Jiangsu Xiangzhang Venture Capital Management Co., Ltd.* (江蘇香樟創業投資管理有限公司) as its general partner, which in turn was indirectly wholly owned by Liyang Municipal People’s Government* (溧陽市人民政府), and 99.9% owned by Jiangsu Pingling Industrial Investment Development Co., Ltd.* (江蘇平陵產業投資發展有限公司) as its limited partner, which in turn was indirectly wholly owned by Liyang Municipal People’s Government* (溧陽市人民政府). To the best knowledge of the Directors, each of the aforesaid entity and its ultimate beneficial owner is an Independent Third Party.

Hengqin Yixing

Hengqin Yixing is a limited liability partnership established in the PRC on December 15, 2015, which primarily engages in investment activities. Hengqin Yixing was acquainted with the Company through normal business activities. Based on the public information available, as of the Latest Practicable Date, it was 0.0538% owned by Yuecai Zhongyin Private Equity Fund Management (GuangDong) Co., Ltd.* (粵財中垠私募股權投資基金管理(廣東)有限公司, “**Yuecai Zhongyin**”) as its general partner, and no limited partners held 30% or more of the partnership interests. Yuecai Zhongyin was owned as to 60% by Guangdong Yueong Investment Holding Co., Ltd.* (廣東粵財投資控股有限公司), which in turn was owned as to 94.5965% by Guangdong Provincial People’s Government* (廣東省人民政府); and 40% by Tongjun Co., Ltd. (豐俊有限公司), which in turn was ultimately wholly owned by Bank of China Limited (中國銀行股份有限公司).

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司) (stock code: 601988), a company listed on the Shanghai Stock Exchange. To the best knowledge of the Directors, each of the aforesaid entity and its ultimate beneficial owner is an Independent Third Party.

Xinyu Weison

Xinyu Weison is a limited partnership established in the PRC on May 22, 2024, which is primarily engaged in fund management and investment activities. Xinyu Weison became acquainted with the Company through normal business activities. Based on publicly available information, as of the Latest Practicable Date, Xinyu Weison was owned as to 20% by Shenzhen Caritas Private Equity Investment Limited* (深圳友博私募股權投資基金管理有限公司), its general partner, which was in turn owned as to 40.5% by Li Chuang (李創) and as to the remaining interests by five other entities, none of which held 30% or more of its equity interests; and as to 80% by Dongguan Yuhong Yinghe Technology Trading Co., Ltd.* (東莞市裕弘盈和科技商貿有限公司), its limited partner, which was in turn owned as to 50% by each of Li Chuang and Pan Peng (潘鵬). To the best knowledge of the Directors, each of the aforesaid entities and their respective ultimate beneficial owners is an Independent Third Party.

Guangdong Shuishi

Guangdong Shuishi is a limited company established in the PRC on December 5, 2021, which is primarily engaged in investment activities. Guangdong Shuishi became acquainted with the Company through normal business activities. Based on publicly available information, as of the Latest Practicable Date, Guangdong Shuishi was owned as to 80% by Huang Xulong (黃旭龍) and as to 20% by Huang Yueshan (黃曰珊). To the best knowledge of the Directors, each of Guangdong Shuishi and its ultimate beneficial owners is an Independent Third Party.

Individual [REDACTED] Investors

As of the Latest Practicable Date, Wu Haimin (吳海敏), Wu Lijue (吳理覺), Huang Shaobo (黃少波), Huang Zitao (黃梓濤), Yang Xiaoming (楊曉明), Lin Yi (林翊) and Huang Jian (黃堅) were individual [REDACTED] Investors of our Company through their indirect interest of our share holding platforms. For details of Huang Shaobo (黃少波), Huang Zitao (黃梓濤), Yang Xiaoming (楊曉明), Lin Yi (林翊) and Huang Jian (黃堅), see notes of “Corporate Structure” in this section.

Independence of the [REDACTED] Investors

To the best knowledge of our Directors, each of the [REDACTED] Investors and their ultimate beneficial owners is an Independent Third Party.

Sole Sponsor’s Confirmation

On the basis that (i) the consideration for the [REDACTED] Investments was settled more than 120 clear days before the [REDACTED]; and (ii) no special rights of the [REDACTED] Investors will exist after the [REDACTED], the Sole Sponsor confirms that the [REDACTED] Investments are in compliance with the [REDACTED] Investment Guidance (as defined in Chapter 4.2 under the Guide for New Listing Applicants published by the Stock Exchange).

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PRC Legal Advisor’s Confirmation

As advised by our PRC Legal Advisors, our Company has completed the necessary registrations or filings with the relevant local SAMR in respect of the aforesaid establishment, conversion, subscriptions, transfers and changes of our shareholdings in all material respects.

LOCK-UP PERIOD

Pursuant to the applicable PRC law, the Shares held by our existing Shareholders (including our [REDACTED] Investors) are subject to a lock-up period of 12 months after the [REDACTED].

PUBLIC FLOAT

Our Company has applied for H-share full circulation and the CSRC issued notice of filing on [●] for the conversion of [REDACTED] of its [REDACTED] Shares into H Shares upon the [REDACTED]. Upon completion of the [REDACTED] and the conversion of certain [REDACTED] Shares into H Shares, the [REDACTED] Shares held by the existing Shareholders, representing approximately [REDACTED] of our total issued Shares upon the [REDACTED] (assuming the [REDACTED] are not exercised), will not be considered as part of the public float as these [REDACTED] Shares will not be converted into H Shares and will not be [REDACTED] upon the completion of the [REDACTED]. In addition, upon completion of the [REDACTED] (assuming the [REDACTED] are not exercised) and the Conversion of [REDACTED] Shares into H Shares, an aggregate of [REDACTED] H Shares (approximately [REDACTED] of our total issued Shares) held by our Controlling Shareholders, will not be counted towards the public float.

Except as stated above, all the [REDACTED] H Shares held by other Shareholders and the [REDACTED] H Shares to be issued under the [REDACTED] will be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules, representing [REDACTED] of total issued Shares (assuming that (i) the [REDACTED] is not exercised and (ii) none of the following persons will take part in the [REDACTED]: our Company’s core connected persons, any persons who are accustomed to take instructions from our Company’s core connected persons in relation to their acquisition, disposal, voting or other disposition of their shares, and any person whose acquisition of Shares were financed directly or indirectly by our Company’s core connected persons), thereby satisfying Rule 8.08(1) (as amended and replaced by Rule 19A.13A) of the Listing Rules.

FREE FLOAT

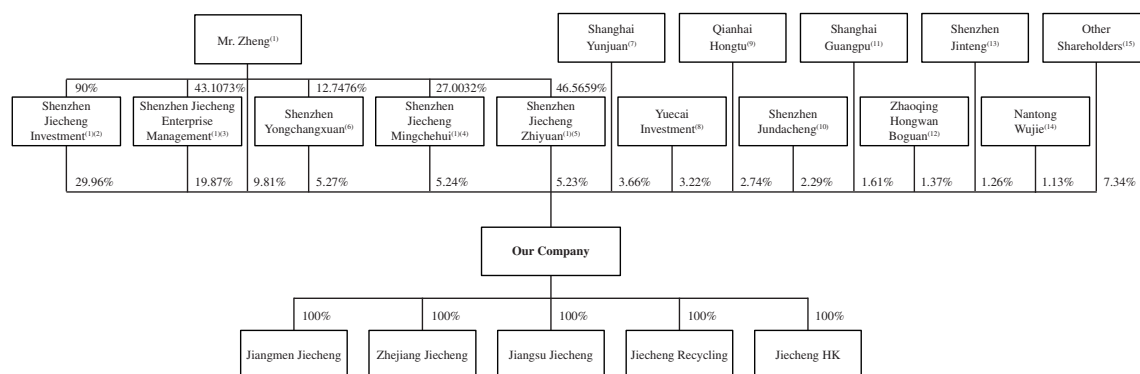
Under Rule 19A.13C of the Listing Rules, where a new applicant is a PRC issuer with no other listed shares at the time of listing, this will normally mean that the portion of H shares for which listing is sought that are held by the public and not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise), at the time of listing, 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 listing (excluding treasury shares), with an expected market value at the time of listing of not less than HK\$50,000,000; or (b) have an expected market value at the time of listing of not less than HK\$600,000,000. Based on an [REDACTED] of HK\$[REDACTED] per H Share, being the low end of [REDACTED], the Company will satisfy the free float requirement under Rule 19A.13C(1) of the Listing Rules.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

CORPORATE STRUCTURE

Corporate Structure Immediately Before Completion of the [REDACTED]

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



Notes:

- (1) Mr. Zheng is the Controlling Shareholder of our Group. Please see “Relationship with Our Controlling Shareholders” in this document for further details.
- (2) Shenzhen Jiecheng Investment is a company established in the PRC on June 29, 2021 and our Controlling Shareholder. As of the Latest Practicable Date, Shenzhen Jiecheng Investment was owned as to 90% by Mr. Zheng and 10% by Yang Manna (楊漫娜, the ex-wife of Mr. Zheng).
- (3) Shenzhen Jiecheng Enterprise Management is a limited liability partnership established in the PRC on May 25, 2022, which is our Controlling Shareholder and share holding platform. As of the Latest Practicable Date, Shenzhen Jiecheng Enterprise Management was owned and controlled as to 43.1073% by Mr. Zheng as its general partner, and owned as to 32.5658% by Zhang Qiuhui (張秋輝, our executive Director), 10.1394% by Yang Haoyu (楊昊昱, our executive Director), 10.1394% by Lin Xiaojie (林曉杰, our employee), and 4.0481% by Wu Haimin (吳海敏, our [REDACTED] Investor) as its limited partners. On April 18, 2023, Wu Haimin and a then existing partner entered into a partnership interest transfer agreement, pursuant to which Wu Haimin acquired partnership interest of RMB359,321 in Shenzhen Jiecheng Enterprise Management from such partner at the consideration of RMB17,590,000.
- (4) Shenzhen Jiecheng Mingcheshui is a limited liability partnership established in the PRC on September 18, 2021, which is our Controlling Shareholder and share holding platform. As of the Latest Practicable Date, Shenzhen Jiecheng Mingcheshui was owned and controlled as to 27.0032% by Mr. Zheng as its general partner, and owned as to 40.5048% by Lin Xiaojie (our employee), 27.653% by Wu Lijue (吳理覺, our [REDACTED] Investor) and 4.839% by Yang Haoyu (our executive Director) as its limited partners. On December 23, 2021, Wu Lijue, the Company, the then existing shareholders of the Company and the then existing partners of Shenzhen Jiecheng Mingcheshui entered into an investment agreement, pursuant to which Wu Lijue subscribed for capital contribution of RMB739,717 in Shenzhen Jiecheng Mingcheshui at a consideration of RMB10.0 million, and such transaction was fully settled on February 7, 2022.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

- (5) Shenzhen Jiecheng Zhiyuan is a limited liability partnership established in the PRC on May 25, 2022, which is our Controlling Shareholder and employee incentive holding platform. As of the Latest Practicable Date, Shenzhen Jiecheng Zhiyuan was owned and controlled as to 46.5659% by Mr. Zheng as its general partner, and owned as to our following employees: 7.7619% by Yang Zebin (楊澤濱), 6.9942% by Zheng Ruiwei (鄭銳偉, brother of Mr. Zheng), 6.9289% by Wen Li (文禮), 5.4732% by Zheng Weilin (鄭偉林, brother of Mr. Zheng), 1.7491% by Fu Tingting (傅婷婷, our non-executive Director), 1.7491% by Ye Liqiang (葉利強), 1.6923% by Lin Xiaojie (林曉杰), 1.5385% by Li Fang (李芳), 1.5385% by Shen Hengguan (沈恒冠), 1.5385% by Yang Haoyu (our executive Director), 1.5385% by Yang Manna, 1.2830% by Lin Renfa (林仁發), 1.20% by Chen Shaoling (陳少玲), 0.8563% by Dong Chen (董晨, our executive Director), 0.5138% by Ge Lingling (葛玲玲, our chief financial officer) and the other 27 employees each of whom held less than 1.00% of equity interests in Shenzhen Jiecheng Zhiyuan as its limited partners.

- (6) Shenzhen Yongchangxuan is a liability partnership established in the PRC on July 27, 2021, which is our Controlling Shareholder and share holding platform. As of the Latest Practicable Date, Shenzhen Yongchangxuan was owned and controlled as to 12.7476% by Mr. Zheng as its general partner, and owned as to 38.2431% by Yang Manna (our employee), 19.5817% by Huang Shaobo (黃少波, our [REDACTED] Investor), 18.6614% by Huang Zitao (黃梓濤, our [REDACTED] Investor), 7.1775% by Huang Jian (黃堅, our [REDACTED] Investor), 2.1532% by Yang Xiaoming (楊曉明, our [REDACTED] Investor), and 1.4355% by Lin Yi (林翊, our [REDACTED] Investor) as its limited partners. On July 26, 2021, Huang Shaobo and Mr. Zheng entered into a partnership agreement, pursuant to which Huang Shaobo subscribed for capital contribution of RMB400,000 in Shenzhen Yongchangxuan. On September 10, 2021, Huang Shaobo, Mr. Zheng and Yang Manna entered into a partnership agreement, pursuant to which Huang Shaobo subscribed for an aggregate capital contribution of RMB1,285,716 in Shenzhen Yongchangxuan. On December 21, 2021, Huang Shaobo had paid up RMB912,430 of such subscribed capital contribution.

On October 30, 2025, Huang Zitao and Huang Shaobo entered into a partnership interest transfer agreement, pursuant to which Huang Zitao acquired partnership interest of RMB627,389 in Shenzhen Yongchangxuan from Huang Shaobo at a consideration of RMB4,000,000. Such consideration was fully settled by on October 30, 2025.

On May 6, 2026, Huang Jian, Yang Xiaoming, Lin Yi and the then existing partners of Shenzhen Yongchangxuan entered into a partnership agreement, pursuant to which, Huang Jian, Yang Xiaoming and Lin Yi subscribed for capital contributions of RMB241,304, RMB241,304 and RMB48,261 in Shenzhen Yongchangxuan, respectively, for a consideration of RMB10,000,000, RMB3,000,000 and RMB2,000,000, respectively, and such transaction was fully settled on March 1, 2026.

- (7) Shanghai Yunjuan is our [REDACTED] investor. For details, please see “[REDACTED] Investments” in this section.

- (8) Yuecai Investment is our [REDACTED] investor. For details, please see “[REDACTED] Investments” in this section.

- (9) Qianhai Hongtu is our [REDACTED] investor. For details, please see “[REDACTED] Investments” in this section.

- (10) Shenzhen Jundacheng is our [REDACTED] investor. For details, please see “[REDACTED] Investments” in this section.

- (11) Shanghai Guangpu is our [REDACTED] investor. For details, please see “[REDACTED] Investments” in this section.

- (12) Zhaoqing Hongwan Boguan is our [REDACTED] investor. For details, please see “[REDACTED] Investments” in this section.

- (13) Shenzhen Jinteng is our [REDACTED] investor. For details, please see “[REDACTED] Investments” in this section.

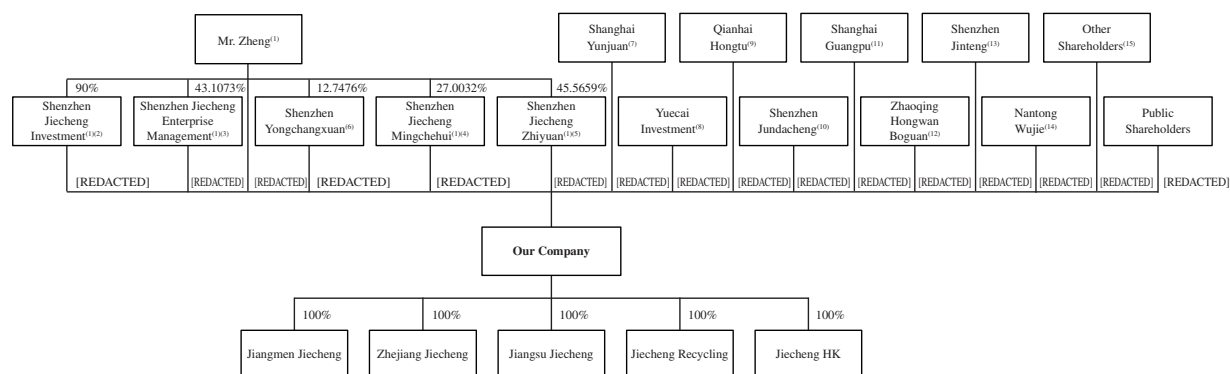
- (14) Nantong Wujie is our [REDACTED] investor. For details, please see “[REDACTED] Investments” in this section.

- (15) As of the Latest Practicable Date, Our Company was held by such shareholders who are our [REDACTED] Investors as to (1) 0.91% by Shenzhen Venture Capital Xinjiang; (2) 0.91% by Huzhou Zifeng; (3) 0.91% by Xinhui Xinkong; (4) 0.91% by Shenzhen Herong; (5) 0.80% by Xinyu Xinye; (6) 0.80% by Wu Lijue; (7) 0.75% by Xinyu Weisen; (8) 0.46% by Liyang Investment Fund; (9) 0.46% by Shenzhen Venture Capital; (10) 0.38% by Guangdong Shuishi and (11) 0.05% by Hengqin Yixing. For details, please see “Capitalization of our Company” and “[REDACTED] Investments” in this section.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Corporate Structure Immediately upon Completion of the [REDACTED]

The following chart sets forth a simplified corporate structure of our Group upon immediately upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised):



Note: See notes in “— Corporate Structure — Corporate Structure immediately before completion of the [REDACTED]” in this section.

BUSINESS

OVERVIEW

Our mission

Embracing low-carbon circular development as our responsibility and building a comprehensive supply chain for new energy green material.

Our vision

To become a time-honored internationally renowned enterprise

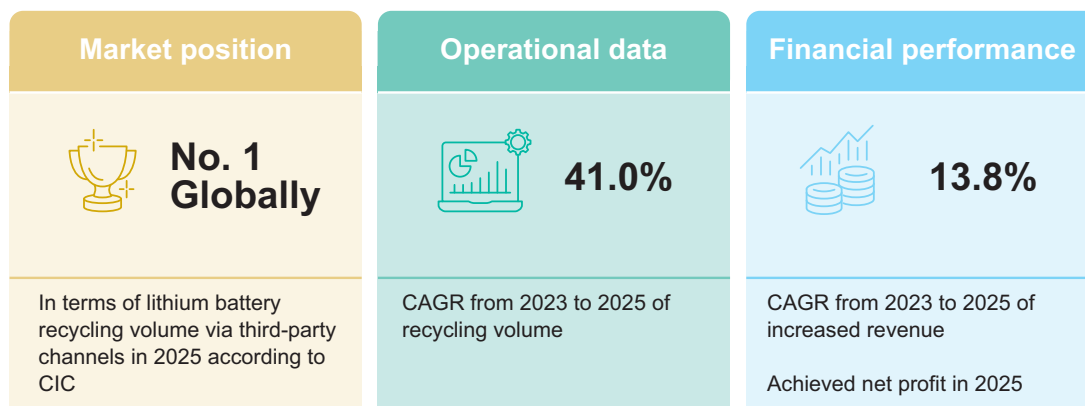
Who we are

We are a world-leading independent lithium battery recycling and material recovery solution provider. According to CIC, we ranked first globally in terms of lithium battery recycling volume via third-party channels in 2025. With integrated processing capabilities, we are committed to resource recycling and green sustainable development, and to advancing the realization of global carbon peaking and carbon neutrality goals. In 2025, we recycled 71.6 kilotons of battery recycling materials, covering electrode sheets, battery cells, used batteries and other forms of materials. We have established comprehensive processing capabilities **for full-category, full-form and full-chain** of lithium battery recycling and material recovery:

- **Full-category:** We can recycle a full range of lithium battery scraps, including ternary lithium, LFP, LCO and others.
- **Full-form:** We can process a full spectrum of production scraps (including electrode sheets, wound cores and cells), and used batteries (including battery packs, modules and cells).
- **Full-chain:** Starting from the lithium battery recycling and material recovery, we have integrated recycling, hydrometallurgy and cascade utilization, possessing full-chain comprehensive processing capabilities for lithium battery recycling and material recovery and providing customized solutions for diverse partners across the industrial chain.

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Our suppliers cover battery manufacturers, EV original equipment manufacturers (“OEMs”), automobile insurance companies, energy storage operators and other channels. Our customers primarily include leading manufacturers of batteries and battery materials.



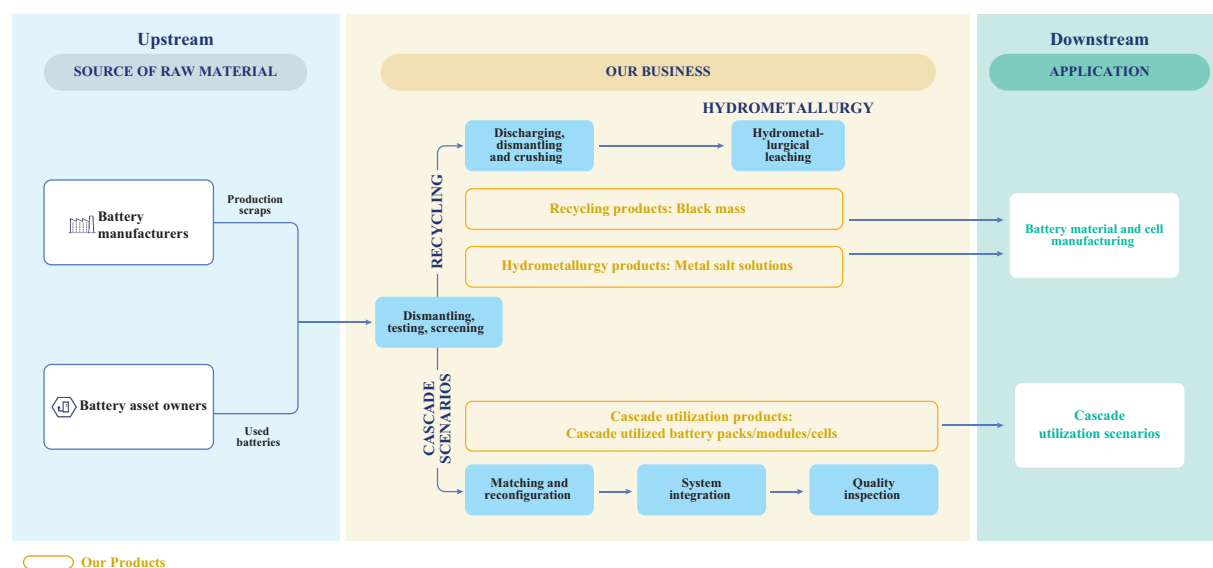
Our solutions

We provide battery recycling and material recovery solutions to a wide range of industry players across multiple segments of the lithium battery recycling and material recovery ecosystem:

- For battery manufacturers: We assist battery manufacturers in recycling used batteries and production scraps or conducting LFP cathode material regeneration, supporting their green production and environmental protection.
- For battery asset owners: We are committed to providing efficient closed-loop recycling solutions for battery asset holders and help them address relevant concerns in terms of environmental protection, operational safety and regulatory compliance. Furthermore, through high-value battery recycling and material recovery technologies, we unlock the residual value of used batteries and transform “retirement burdens” into “green benefits.”
- For battery material manufacturers: We supply raw materials processed from recycled materials for lithium battery production, diversify battery material manufacturers’ raw material sources, and help them continuously comply with relevant global regulatory requirements about the percentage of secondary raw material adoption.

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Our business model



- Raw Material Procurement:** Leveraging our extensive and stable raw material supply channels, we can secure a sufficient supply of lithium battery recycling materials.
- Testing, Evaluation and Manufacturing:** Based on the form and chemical properties of raw materials, we allocate them into different business lines through our professional internal screening and testing processes. For battery packs or modules with sufficient remaining charge-discharge performance, our cascade utilization business line reconfigures them into functional battery packs or modules through capacity-voltage testing, charge-discharge testing, packaging and other technologies. For production scraps and used batteries without cascade utilization value, we conduct pretreatment with our advanced discharge technology, followed by refined recycling using our production processes. Following the recycling process, we sell recycled black mass, our main recycling products, to customers according to market conditions. Meanwhile, part of the black mass is fed into our hydrometallurgy process to manufacture mixed metal salt solution products in line with production plans.
- Our Product Portfolio:** Our recycling products mainly include ternary black mass, LFP black mass, LFP high-purity electrode powder and some by-products. Our hydrometallurgy products mainly include mixed metal salt solutions. Our cascade utilization products mainly include battery packs, modules and cells.

Our market opportunities

China accounts for more than 60% of the world’s lithium battery production capacity by 2025, but the domestic supply of high-quality raw mineral resources is relatively scarce and China still relies on imports of overseas mineral raw materials, according to CIC. According to data from the General Administration of Customs of China, China imported approximately 7.791 million tons of lithium concentrate in 2025, with a year-on-year increase of approximately 39.4%. The market size of China’s recycling segment in the lithium battery recycling and material recovery industry by revenue was RMB20.1 billion in 2025 and is expected to increase to RMB313.1 billion in 2030, representing a

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CAGR of 73.2% from 2025 to 2030, while the market size of cascade utilization segment was RMB2.1 billion in 2025 and is expected to increase to RMB8.6 billion in 2030, representing a CAGR of 32.6% from 2025 to 2030. With rising geopolitical instability, risks related to raw material prices and supply stability are growing. Establishing a sound lithium battery cascade utilization system has inherent driving forces for participants in the lithium battery industrial chain in terms of supply chain security and economic efficiency. Our full-chain integrated recycling and material recovery capacity helps fully utilize resources from lithium battery recycling materials and eases the pressure on new energy enterprises relying on key relevant metals imports.

Major economies including China, the United States and the European Union have accelerated the implementation of policy standards focusing on ESG compliance and domestic supply chain security. The EU Battery Regulation stipulates that key lithium battery lifecycle compliance obligations will take full effect in August 2027, raising unified requirements for the proportion of recycled raw materials used in lithium battery production for domestic and overseas enterprises. Under the guidance of such policies, the share of lithium battery installed capacity using recycled and regenerated materials globally is projected to rise from 6.2% in 2025 to 52.3% in 2030. In Chinese market, the share of lithium battery installed capacity using recycled and regenerated materials is expected to grow from 8.6% in 2025 to 65.4% in 2030. Lithium battery recycling and material recovery has evolved from merely serving as a supplement to mineral resources in the early stage, into a core element for safeguarding domestic supply chain security and meeting international compliance requirements.

As of the Latest Practicable Date, according to the enterprise list published by the Ministry of Industry and Information Technology that complies with the Industry Specification Conditions for the Comprehensive Utilization of Spent Power Batteries of New Energy Vehicles (《新能源汽车廢舊動力蓄電池綜合利用行業規範條件》), only 156 enterprises (including our Company) have been shortlisted, remaining scarce in the current market. In contrast, the total number of registered lithium battery recycling enterprises nationwide exceeds 190,000. Amid the explosive growth in the market of used batteries disposal, there will be a significant unmet market demand for professional and qualified white-listed enterprises with standard processing capabilities.

Compared with lead-acid batteries, lithium batteries feature higher safety and environmental friendliness. Nevertheless, improperly disposed used batteries pose potential hazards to ecological environments and public safety. Random discard or irregular treatment will lead to severe environmental contamination, including pollution from heavy metal ions such as nickel, cobalt and manganese, fluorine pollution, and other pollutant emissions. Meanwhile, used batteries generally maintain high residual voltage. Non-compliant operations during recycling, dismantling and processing may easily trigger safety incidents such as fire and explosion. Our lithium battery recycling and material recovery capabilities effectively address the aforesaid risks, supporting the green and sustainable development of the global new energy industrial chain.

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OUR STRENGTHS

We believe the following competitive strengths contribute to our success and position us for continued growth:

We are a world-leading independent lithium battery recycling and material recovery solution provider

We are a world-leading independent lithium battery recycling and material recovery solution provider. According to CIC, we ranked first globally in terms of lithium battery recycling volume via third-party channels in 2025.

We are one of the few lithium battery recycling and material recovery service providers with full-chain integrated processing capabilities in the market, according to CIC. The integrated closed-loop solution not only ensures the stability and effective cost management of raw material supply, but also guarantees the product quality and consistency of recycled materials, creating significant value for customers.

We have been deeply rooted in the lithium battery recycling and material recovery industry for many years, have gone through a complete market cycle, and maintained keen insights into the current status and development of the market. We assisted regulatory authorities in drafting the Safety Specifications for the Storage and Use of Lithium-ion Batteries in Production and Business Premises (《生產經營單位鋰離子電池存儲使用安全規範》), and continuously contributed to the safe and healthy development of the industry.

Our products and services have been widely recognized in the market, and we have established in-depth strategic cooperation with two leading NEV companies. We were ranked among the Top 500 Manufacturing Enterprises of Guangdong Province (廣東省製造業企業500強) in 2023, awarded the title of National-Level Specialized, Sophisticated, Distinctive, and Innovative Little Giant Enterprise (國家級專精特新小巨人企業) in 2024, ranked among the Top 500 Enterprises in Shenzhen (深圳企業500強) in 2025, and awarded the title of National-Level Key Little Giant Enterprise (國家重點“小巨人”企業) in 2026.

Establishment of stable upstream and downstream industrial connections and a full-channel ecological network across the industry

In our upstream, we have diversified raw material procurement channels and long-term cooperative relationships. According to CIC, building a reliable supply network is complex for integrated lithium battery recycling and material recovery enterprises. Establishing stable upstream supply channels requires recyclers to adopt multi-stage processing workflows and build partnerships with a wide range of upstream manufacturers. Only a small number of recyclers have successfully established such comprehensive upstream supply network. We have built long-term strategic partnerships with battery manufacturers and battery asset owners. Our production scraps recycling channels cover mainstream lithium battery manufacturers. Our used battery channels cover renowned EV OEMs, consumer brands, energy storage enterprises, vehicle dismantling plants, automobile insurance companies, and other commercial battery asset operators, ensuring a stable supply of lithium battery recycling materials.

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In our downstream, we have deeply bound ourselves to leading battery material and battery manufacturers. Our products have been recognized by mainstream customers. Through close cooperation with leading enterprises, we generate product sales while advancing R&D and product standards to keep pace with cutting-edge market demands and carrying out joint R&D.

Strong R&D capability forging our full-form processing advantages and advanced process technologies

We have set up an in-house research institute, which is led by experts with research experience at Tsinghua University and academic backgrounds from other renowned universities, boasting strong R&D capability and technology portfolio. We continuously carry out industry-university-research cooperation to support cutting-edge technological R&D. As of the Latest Practicable Date, we had 36 R&D personnel, accounting for approximately 10.9% of our total employees, and owned 61 invention patents in China and three global registered patents.

Our self-developed and patented particle discharge technology shortens the cell discharge process from three to seven days required by conventional brine discharge to only three to four hours, greatly improving cell discharge efficiency. Meanwhile, it generates no waste gas, waste water or waste residue, does not corrode batteries, and is low-carbon and eco-friendly.

Our current recycling & disassembly technology achieves industry-leading recovery levels. Our semi-extraction NCM separation technology in hydrometallurgy has realized efficient separation of manganese and calcium, fundamentally solving the scaling problem of calcium sulfate in extraction tanks during calcium extraction and calcium contamination of the subsequent by-product manganese sulfate. It reduces reagent consumption, achieving synchronous improvement of separation efficiency, product quality and environmental benefits. Our technological innovation and maturity lead the domestic industry, according to CIC.

Furthermore, our self-developed LFP cathode material regeneration process, through core procedures such as targeted impurity removal, precise lithium supplementation and lattice reconstruction, can restore the performance of cathodes to the level of virgin materials.

Skilled industry team, high-quality corporate culture and diversified shareholder support

Since our establishment in 2012, our management team has gained ample experience over the years and been validated by the market, leading us through industry cycles to achieve pivotal development. Our visionary management team is led by our founder, Mr. Zheng Weipeng, who possesses over 14 years of profound expertise and a proven track record in the lithium battery recycling and material recovery industry. Since founding our Company in 2012, Mr. Zheng has demonstrated exceptional strategic stewardship, scaling our operations into a multi-regional scale.

Beyond his operational leadership, Mr. Zheng is an influential figure in the circular economy sector, currently serving as the Vice President of the Shenzhen Battery Industry Association and the representative of the Vice President Unit of the Guangdong Provincial Circular Economy and Comprehensive Utilization of Resources Association. His contribution and influence to the industry have been recognized through prestigious governmental recognitions and awards, including the title of Outstanding Builder of Socialism with Chinese Characteristics awarded by the CPC Guangdong Provincial Committee and the Guangdong Provincial Government. Furthermore, his commitment to

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technical excellence is underscored by his recognition as a member of the “Pengcheng Outstanding Engineer Team — Battery Green Recycling Technology R&D Team”* (「鵬城卓越工程師團隊 — 電池綠色回收技術研發團隊」) recognized by the Human Resources and Social Security Administration of Shenzhen Municipality. Mr. Zheng combines deep technical insights with sophisticated management capabilities, positioning us to navigate the evolving global lithium battery recycling and material recovery market. Our core management team consists of senior experts from new energy, new materials and other fields, with a profound understanding of industry policies, technologies and market demands. We take low-carbon circular development as our mission, pursue the national green low-carbon and dual carbon goals, and support the sustainable development of the new energy industry. We adhere to the values of “Self-discipline, Dedication, Innovation and Inheritance” (正己、奉獻、創新、傳承), abide by the tenet of “Benefiting Others to Achieve Self-improvement and Repaying the Society” (成人達己、回報社會), and embrace the philosophy of “Knowledge and Action Go Far; Integrity Powers Long-term Success” (知行致遠、尚信傑成), making culture the most solid force for strategy implementation. Meanwhile, we have attracted strong backing from renowned investment institutions including state-owned capital, internet giants and industrial capital, providing strong support for our development.

OUR STRATEGIES

We plan to further strengthen our leading position by implementing the following business strategies:

Further enhance the lithium battery recycling and material recovery capacity, expand market share and elevate industry position

- Continuously improve production facilities at our Jiangmen Base and Jiangsu Base to boost our processing capacity. We have completed the construction of the hydrometallurgy production line at our Jiangmen Base. We will further strengthen the construction of recycling production lines at our Jiangmen Base to increase the processing capacity and service capability of our recycling business. Our Jiangsu Base has completed the construction of the pilot production line for the production of the LFP high-purity electrode powder, the front-end product of regenerated LFP cathode materials. In the future, we will further improve and build the back-end production lines, extending the product line to regenerated LFP cathode materials. See “Future Plans and Use of [REDACTED]” for further details.
- Advance the intelligent transformation of our production bases to improve operational efficiency. We will further upgrade the intelligence level of newly added production lines, including fully automatic disassembly production lines, to improve our large-scale production efficiency.
- Strengthen our brand building, consolidate customer relationships and lock in strategic orders. We have maintained long-term cooperative relationships with a number of leading battery manufacturers. We will further develop upstream and downstream strategic partners, provide more comprehensive solutions for the full utilization of lithium battery recycling materials, and elevate our industry standing.

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Vigorously expand overseas markets and implement global development plans by fully leveraging our technological and channel advantages

We are expanding into emerging overseas markets such as Southeast Asia. We have entered into an acquisition agreement in relation to a Malaysia-based company holding battery recycling qualifications, with the transaction expected to be completed in the fourth quarter of 2026. According to CIC, Malaysia occupies a unique position and is actively building itself into an emerging hub for EV battery recycling in Southeast Asia. In recent years, Malaysia has been accelerating the industrialization of intermediate products extracted from waste lithium battery recycling. Under the Environmental Quality Regulations 2005 issued by the Malaysian Department of Environment, waste lithium batteries are classified as “Scheduled Waste” (SW103). These regulations have established a stringent regulatory framework, ensuring only licensed entities may conduct battery collection, transportation and processing under rigorous supervision. According to CIC, this regulatory regime initially focused on lead-acid batteries and consumer batteries, however, with the rapid growth of EV adoption and the increasing complexity of lithium battery recycling, regulators have gradually expanded policy coverage to include new energy lithium batteries.

Following the issuance of Announcement on Regulating the Import Administration of Recycled Black Mass Raw Materials for Lithium-ion Batteries and Recycled Iron and Steel Raw Materials (《關於規範鋰離子電池用再生黑粉原料再生鋼鐵原料進口管理有關事項的公告》) in China in June 2025, the import of lithium battery regenerated black mass has become compliant and legal. According to CIC, lithium battery regenerated black mass in Malaysia can be exported to the Chinese mainland to meet the domestic shortage of lithium battery recycling materials.

Further upgrade existing production processes, increase R&D investment in future recycling technologies, and lead the trend of battery material recycling technologies

We will take technological innovation as the core, deepen our presence in the lithium battery recycling and material recovery industry, continuously optimize existing recycling processes, strengthen R&D on technologies, break through bottlenecks of traditional technologies, build an efficient, low-carbon, intelligent and integrated battery material regeneration technology system, lead the technological upgrading of the global industry, and establish industry benchmarks.

In the coming years, we will focus on the core track of lithium battery recycling and material recovery, with key layouts in intelligent and precise dismantling, semi-extraction technology for ternary materials, and development of chemical repair processes for high-compaction and long-cycle LFP. We will continuously improve the comprehensive recovery rate of valuable metals, reduce hydrometallurgy production costs of ternary materials, optimize the material performance reconstruction process, and build a green, low-carbon and closed-loop industrial system. Meanwhile, keeping pace with the industrialization trend of new-generation battery technologies such as solid-state, semi-solid-state and sodium-ion batteries, we will increase R&D investment to address core challenges including dismantling, purification and regeneration of new-type batteries, and build a dedicated recycling technology system adaptable to various new-type batteries. This will enable a technological leap from traditional battery recycling to comprehensive recycling of various categories of new-generation batteries, and establish a full-chain technological barrier covering mainstream and new-type batteries. We will continue to improve our patent portfolio,

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upgrade R&D infrastructure, and deepen industry-university-research cooperation, so as to consolidate our leading position in the field of lithium battery recycling and material recovery through technological innovation.

Integrate lithium battery recycling and material recovery enterprises, expand business coverage and consolidate our leading position

As a world-leading independent lithium battery recycling and material recovery enterprise covering the full industrial chain of recycling, hydrometallurgy and cascade utilization, we will adopt a dual-driven strategy of independent construction and capital operation.

In terms of technology, we plan to invest in or acquire targets with advanced technologies such as unsorted mixed material processing and refined disassembly process for battery packs and modules, so as to further raise our operational efficiency and scale production strengths. In terms of resources, we will seek opportunities to hold equity stakes in regional leading dismantling enterprises and lithium-bearing solid waste treatment providers to expand recycling channels for energy storage and consumer batteries and secure urban mineral resources. For global expansion, we intend to make asset acquisitions to expand business presence in low-tariff regions such as Southeast Asia. By flexibly deploying capital, we will transform from a lithium battery recycler into a global low-carbon lithium battery material supplier to meet the upcoming wave of large-scale lithium battery decommissioning.

OUR BUSINESS LINES

We are primarily engaged in lithium battery recycling and material recovery. Against the backdrop of the impending large-scale decommissioning of lithium batteries in the coming years, our business strongly supports the sustainable development of global new energy industry. It not only aligns with China’s dual carbon goals as well as the international community’s carbon neutrality and emission reduction goals, but also addresses the growing global challenges of used battery management.

We process used batteries and production scraps into high-quality raw materials, which are sold to and further processed by our downstream battery manufacturers into new lithium batteries. We have established an integrated closed-loop business model that spans recycling, hydrometallurgy and cascade utilization.

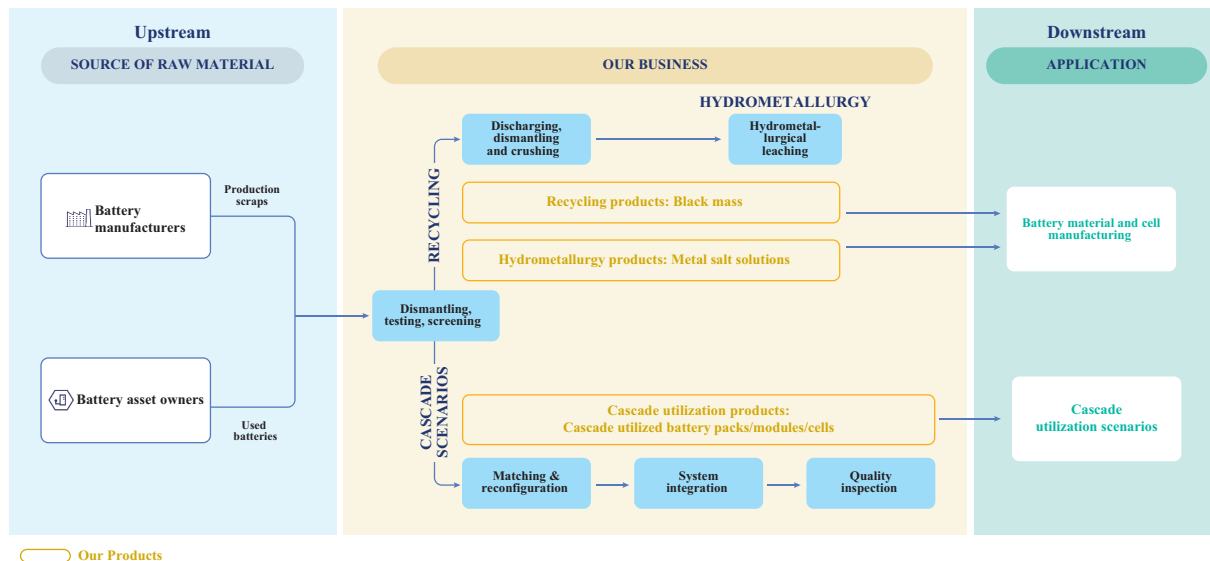
- *Recycling business:* Our recycling business mainly conducts physical disassembly on lithium battery production scraps sourced from upstream suppliers, including electrode sheets, and wound cores, as well as used batteries without cascade utilization value. We adopt a physical treatment process consisting of disassembly, crushing, separation and sorting to produce black mass. Black mass is a powdery substance derived from the crushing and sorting of aforesaid lithium battery raw materials, which primarily contains valuable metals including lithium, nickel, cobalt, manganese and other key battery materials. It will be fed into our in-house hydrometallurgy process for further resource regeneration or directly sold to customers.

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We also conduct our LFP cathode material regeneration business. We source LFP electrode sheets and wound cores from battery manufacturers, which are then treated with a sequence of precision cleaning, impurity removal and structural reconditioning processes. The treated materials are refined into LFP high-purity electrode powder, an intermediate product for regenerated LFP cathode materials that meets industry specifications, which can be supplied to downstream battery and cathode material manufacturers.

- Hydrometallurgy business:** We feed black mass into our hydrometallurgy production lines, a chemical process that converts the black mass into a mixed solution, in which a series of chemical reduction reactions leach out valuable metals. This solution is supplied to battery material manufacturers to produce the core raw materials for the production of lithium batteries.
- Cascade utilization business:** Our cascade utilization business focuses on used battery packs, modules and cells procured from suppliers that still retain usable capacity as well as Grade A and downgraded battery cells from battery manufacturers. We reconfigure battery packs, modules and cells through a standardized process including dismantling, performance testing, screening, reconfiguration and repackaging. We sell qualified cascade utilization products to downstream customers. We redirect production scraps and used batteries without cascade utilization value back to our recycling business for material recovery.

The diagram below demonstrates our lithium battery recycling and material recovery business flow:



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The following table sets forth a breakdown of our revenue by business line for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Recycling products	976,838	84.4	983,652	84.1	1,230,348	82.0
Hydrometallurgy products	–	–	25,795	2.2	186,899	12.5
Cascade utilization products	181,107	15.6	160,809	13.7	82,370	5.5
Others ⁽¹⁾	–	–	276	*	–	–
Total	<u>1,157,945</u>	<u>100.0</u>	<u>1,170,532</u>	<u>100.0</u>	<u>1,499,617</u>	<u>100.0</u>

* Below 0.05

Note:

(1) Representing the sale of an equipment.

OUR PRODUCTS

We have built a full-life-cycle value chain of lithium battery recycling and material recovery which integrates our three core business lines: recycling, hydrometallurgy and cascade utilization. We procure used batteries and production scraps from upstream suppliers, process them through professional physical and chemical technologies to produce black mass, LFP high-purity electrode powder, metal salt solutions and cascade utilization products, and sell these products to customers.

Products from recycling

We recycle and process production scraps sourced from suppliers externally, as well as used batteries without cascade utilization value. Following bulk shredding, crushing and grinding processes, these materials are processed into black mass. Part of the black mass is sold to customers, and part of the black mass is used as raw materials for our in-house hydrometallurgical production. In some cases, to meet diverse customer requirements, we also procure crude black mass from external sources, which we either blend with our self-produced black mass to adjust metal composition ratios before sale, or sell to customers after testing. Meanwhile, we recycle graphite, copper and aluminum through processes including vibration and gravity separation as by-products.

Our major recycling products mainly include ternary black mass and LFP black mass.

- Ternary black mass. We provide customized ternary black mass products including NCM523, NCM622 and NCM811 with different nickel-cobalt-manganese ratios to meet diverse downstream demands. Our ternary black mass has extremely low impurity contents, with copper and aluminum contents both below 1%, significantly reducing downstream impurity removal costs and improving production efficiency. It also features uniform particle size distribution, nearly spherical particles and no serious agglomeration, with a high leaching rate of over 99%, making it well-suited to downstream processing. Ternary black mass is mainly

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used as raw material for hydrometallurgical manufacturers to produce battery-grade metal salts through acid leaching and extraction, realizing the recovery of nickel, cobalt, manganese, lithium and other metals.

- LFP black mass. Combined with our dry discharge technology, we adopt special recycling processes for LFP batteries to accurately separate the cathode, anode and shell of used battery cells, and focus on the purification of LFP cathode black mass without mixing with black mass from other battery types, so as to ensure high purity of FePO_4 active materials. We apply low-temperature drying and inert gas protection during recycling to prevent oxidation and structural damage of LFP active materials, effectively retaining their crystal structure and electrochemical activity. Compared with traditional high-temperature recycling, our technology increases the retention rate of active components. LFP black mass is mainly applied to the hydrometallurgical recovery of lithium, phosphorus, iron and other resources, or used as regenerated cathode materials for lithium batteries.



Black mass produced from recycling

As part of our recycling processes, we also generate by-products such as graphite, copper and aluminum. These materials are recovered during the physical separation and sorting stages, and are sold to customers in the metal and secondary materials industries.

We also outsource the production of metal salt products, using our processed black mass as the core raw material. These products include lithium carbonate, nickel sulfate, cobalt sulfate and manganese sulfate, which are sold to customers such as new energy and battery material manufacturers as their key production raw materials.

We recover a portion of the LFP battery materials procured in our recycling business and subject them to a specialized purification process, including sorting and the removal of foreign materials such as ternary, sodium-ion and anode components, to produce LFP high-purity electrode powder. This material is then sold to battery manufacturers as raw materials for new cathode production.

LFP high-purity electrode powder is produced with strict control over key indicators: aluminum content within 200ppm, copper within 5ppm and magnetic foreign matters within 1ppm, resulting in stable and consistent electrochemical and physicochemical performance. Using our proprietary “seven-gun+” sampling method, which takes seven sampling points at fixed positions across the ton bag, we ensure accurate and reliable testing data that truly reflects product quality, eliminating the data distortion common in conventional testing.

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Products from hydrometallurgy

Through a chemical reduction process, we manufacture high-purity lithium sulfate solution from ternary black mass, which is either self-produced or externally procured. This is commonly known as the pre-lithium extraction process. By further processing the residue from pre-lithium extraction, we obtain another hydrometallurgy product, namely NCM mixed solution. Both solutions are sold to downstream manufacturers of battery materials to undergo further refinement into metal salts such as cobalt sulfate and nickel sulfate.

We plan to commence our self-production of industrial-grade metal salt products at our Jiangmen Base in the fourth quarter of 2026, which we expect will further diversify our product matrix, enhance our profit margin and enrich the application scenarios of our products.

Our representative hydrometallurgical products primarily include lithium sulfate solution and NCM mixed solution.

- Lithium sulfate solution. We adopt advanced high-temperature carbon reduction pre-lithium extraction technology and selective leaching process, achieving a lithium recovery rate of over 90% at the front end during the hydrometallurgical recycling of ternary cathode powder. Our technology effectively addresses the issue of excessive organic matter contained in lithium sulfate solution recovered via conventional processes. Compared with traditional post-lithium extraction processes, our technology delivers lower costs, a simpler process flow, better product quality and a higher lithium recovery rate. Lithium sulfate solution serves as a key raw material for manufacturing battery-grade lithium salts and cathode materials.
- NCM mixed solution. We apply graded leaching technology, which reduces acid and alkali consumption by 10%–20% throughout the hydrometallurgy process, while the recovery rate of high-value elements including nickel, cobalt and manganese exceeds 98%. We adopt low-cost calcium-based impurity removal technology to control sodium content below 3g/L. Benefiting from its low-sodium characteristic, our product can reduce the generation of wastewater (such as sodium sulfate) and by-products by up to 81% in subsequent extraction and crystallization procedures, substantially lowering downstream production costs. When compared with conventional industrial products, our NCM mixed solution offers advantages in terms of lower cost, superior quality and higher element recovery rate, and is used as a raw material for further purification and processing into battery-grade metal salts for cathode material production.

Products from cascade utilization

We produce products from cascade utilization primarily in two manners: (i) we source Grade A battery cells and downgraded battery cells from battery manufacturers, and after testing we assemble them into cascade utilization products, and (ii) we source used batteries from battery asset owners, and we further process them through dismantling, testing, screening, capacity matching and repacking to produce cascade utilization products. The above materials without cascade utilization value identified in the process are directed to our recycling business for material recovery.

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Our core products under the cascade utilization business mainly include battery packs, modules and cells. We adopt an empty-charge cell sorting and grouping process for echelon battery pack assembly, which is more effective than the conventional half-charge grouping method widely used in the industry. This process enables rapid screening of battery cells unsuitable for pack integration and effectively minimizes cell voltage inconsistency. All repurposed battery packs are equipped with intelligent Bluetooth BMS to realize real-time monitoring of core cell parameters, supplemented by aging tests targeting voltage deviation to enhance overall product safety and operational reliability. We also implement unified barcode and Bluetooth code traceability management to enable full lifecycle tracking and timely supervision of abnormal products.

OUR PRODUCTION

We manufacture black mass, LFP high-purity electrode powder, metal salt solutions, and cascade utilization products based on the applications and requirements of customers. We have two production bases in Jiangmen, Guangdong Province and Liyang, Jiangsu Province, respectively, in China. Our production team consisted of 163 members as of the Latest Practicable Date.

We typically make production plans based on orders received from customers and forecasts on the demand of downstream customers. To effectively control our risk exposure to excess production and inventory, our production, procurement, sales and inventory control teams report to our management regularly to facilitate their review of our production plans and adjust our production volume, production schedules and procurement where necessary.

Production process

Recycling

The following diagrams illustrate the key production steps for our recycling process, including the recycling of production scraps and used batteries without cascade utilization value.

Used battery recycling

The following diagram illustrates our processing procedure of used batteries.



1. **Discharging and primary crushing:** As used batteries require discharge processing, we employ both granular discharge (physical discharge) and saline discharge (chemical discharge) to achieve safe voltage levels and mitigate potential safety incidents during the crushing process. Then, we put the discharged used batteries into a crusher for primary crushing under nitrogen atmosphere protection.
2. **Drying:** The crushed material is conveyed through an enclosed pipeline into a drying furnace, where heating is applied to remove residual electrolyte and moisture.
3. **Crushing:** Discharged used batteries go through multi-stage crushing to detach and separate the black mass from the electrode sheets.

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4. Sorting: We effectively separate black mass from copper, aluminum, and other by-products through air classification, magnetic separation, vibration separation and density separation processes.

Electrode sheets recycling

The following diagram illustrates our production processing procedure of electrode sheets.

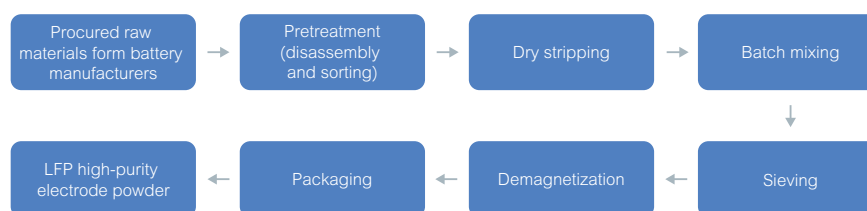


1. Crushing: We crush electrode sheets into particle size during the crushing process, thereby separating the black mass from the electrode sheets. Such electrode sheets are either directly procured or derived from manually and mechanically disassembled wound cores.
2. Sorting: Through the selection of a sieve with an appropriate mesh size, we can effectively separate black mass from the copper or aluminum by-products because the copper and aluminum sheets, with inherent ductility, exhibit differing particle size distributions from black mass following the crushing process.

In some cases, we manually adjust the metal composition ratios of our self-produced black mass derived from used batteries and electrode sheets by adding black mass with varying metal content ratios procured externally per customer specifications.

LFP cathode material regeneration

The following diagram illustrates the major manufacturing process of our high-purity electrode powder.



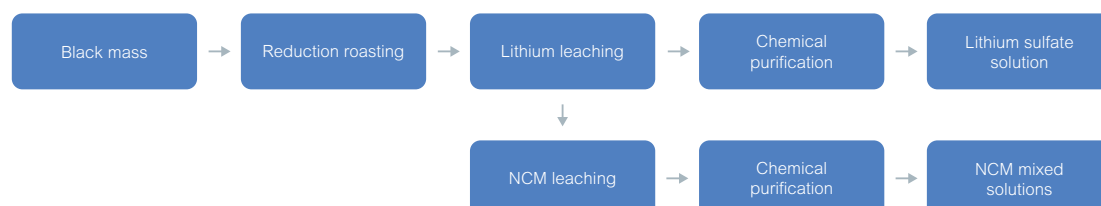
1. Pretreatment (disassembly and sorting): We manually disassemble unfilled shelled cells to extract cathodes, and sort them to remove impurities and foreign matters from the raw materials.
2. Dry stripping: The LFP cathode material is efficiently separated from the aluminum current collector to obtain high-purity LFP electrode powder, while aluminum scraps and high-grade aluminum powder are recovered as by-products.
3. Batch mixing: The LFP high-purity electrode powder obtained from dry stripping is batched to improve the consistency of components in LFP high-purity electrode powder.
4. Sieving: The LFP high-purity electrode powder is sieved to remove large-particle impurities. This also makes the material fluffy, facilitating the removal of magnetic particles in subsequent demagnetization.

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- Demagnetization: High-magnetic impurities are removed from the LFP high-purity electrode powder.

Hydrometallurgy

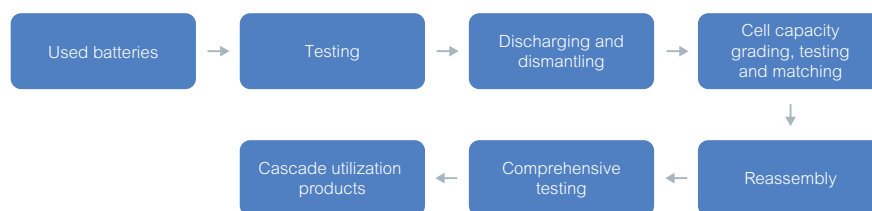
The following diagram illustrates our production processes of lithium sulfate solution and NCM mixed solution.



- Reduction roasting: Black mass is mixed with carbon powder and subjected to reduction roasting.
- Lithium leaching and chemical purification: By adding sulfuric acid, lithium leaching produces lithium leachate and lithium extraction residue. This step is also known as the pre-lithium extraction process. Fluoride is removed from the lithium leachate by adding calcium hydroxide, and calcium is removed by adding sodium carbonate, yielding the lithium sulfate solution.
- NCM leaching and chemical purification: Sulfuric acid is added to the lithium extraction residue to form a solution, followed by the addition of iron powder to remove copper and calcium carbonate to remove aluminum, yielding the NCM mixed solution.

Cascade utilization

The following diagram illustrates our production processes of cascade utilization products, taking used battery packs as an example.



- Testing: We conduct a comprehensive performance assessment of the entire battery pack, including voltage, state of health (SOH), insulation resistance, and visual appearance, to determine whether it is suitable for cascade utilization or recycling.
- Discharging and dismantling: The battery pack is first discharged to a non-hazardous voltage to eliminate electrical and thermal risks, after which the outer enclosure is removed to access the internal components.

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3. Cell capacity grading, testing and matching: Automated charge-discharge cycling is used to measure key electrical parameters, including actual capacity, internal resistance, and open-circuit voltage, and battery cells are graded into batches with consistent performance metrics. Battery cells are assembled into groups with highly matched capacity, internal resistance, and voltage characteristics to ensure the long-term performance and safety of the reassembled modules.
4. Reassembly: The matched battery cells are arranged into the designed configuration and secured with binding straps, adhesive, or structural frames to form the core module stack.
5. Comprehensive testing: A final all-around test is conducted, including capacity verification, insulation resistance measurement, protection function validation, and communication protocol testing.

Production planning

Our production planning department is responsible for preparing our production plans. We devise our monthly production plans based on actual orders received from customers and forecasts on the demand of downstream customers. These forecasts are good indications of our customer demands based on which we are able to allocate our internal resources to plan for our production and manage our inventory level in accordance with these forecasts and to accommodate any downward or upward revisions that our customers may make. We will adjust production plans according to our inventory level and further orders received from customers.

Production facilities

As of the Latest Practicable Date, we had two production facilities in operation. The table below sets forth the location, primary products produced and GFA of our production facilities.

	Location	Primary products produced	GFA (sq.m.)	Owned/ leased
Jiangmen Base	Jiangmen City, Guangdong Province	Ternary black mass, LFP black mass, lithium sulfate solution, NCM mixed solution and cascade utilization products	49,667.69	Owned
Jiangsu Base	Liyang City, Jiangsu Province	Ternary black mass, LFP black mass and LFP high-purity electrode powder	21,448.19	Leased

Save for the abovementioned Jiangmen Base and Jiangsu Base, during the Track Record Period, we operated a production facility for black mass in Huizhou (“**Huizhou Production Facility**”) under Guangdong Jiecheng New Energy Environmental Protection Technology Co., Ltd.* (廣東杰成新能源環保科技有限公司) (“**Guangdong Environmental Protection**”). In order to optimize our business structure and enhance our overall management efficiency of our Group, we completed the disposal of Guangdong Environmental Protection in June 2024. See “History, Development and Corporate Structure”, “Financial Information — Description of Major Components in Our Consolidated Statements of Profit or Loss — Other income and gains” and Note 31 to the Accountants’ Report in Appendix I to this document for further details.

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Production capacity and utilization

The table below sets forth a summary of our processing capacity and utilization rate of our production facilities by location and business line for the years indicated:

	Year ended December 31,								
	2023			2024			2025		
	Processing capacity	Actual processing volume	Utilization rate	Processing capacity	Actual processing volume	Utilization rate	Processing capacity	Actual processing volume	Utilization rate
	(ton)	(ton)	(%)	(ton)	(ton)	(%)	(ton)	(ton)	(%)
Jiangmen Base									
Recycling products	14,080	13,058	92.7	25,600	18,220	71.2	19,200 ⁽⁴⁾	17,661	92.0
Hydrometallurgy products ⁽¹⁾	–	–	–	3,000 ⁽¹⁾	851 ⁽¹⁾	28.4	12,000	4,263	35.5
Jiangsu Base⁽²⁾									
Recycling products	2,080	1,116	53.6	12,704 ⁽⁵⁾	10,275	80.9	27,264 ⁽⁴⁾	26,065	95.6
Huizhou Production Facility⁽³⁾									
Recycling products	7,680	5,492	71.5	640 ⁽⁶⁾	274	42.8	–	–	–

Notes:

- (1) Processing capacity and actual processing volume of the Jiangmen Base for hydrometallurgy products in 2024 cover our trial production in October and formal production in November and December in the same year. Our utilization rates in 2024 and 2025 were relatively low mainly because we were in a ramp-up phase of the newly commissioned production line.
- (2) Jiangsu Base did not conduct hydrometallurgy business during the Track Record Period.
- (3) Huizhou Production Facility was disposed in June 2024 as part of our strategy to streamline operations. Huizhou Production Facility did not conduct hydrometallurgy business prior to the disposal.
- (4) The decrease in the processing capacity of recycling products at our Jiangmen Base in 2025 and the corresponding increase in the processing capacity at our Jiangsu Base in 2025 were primarily attributable to the relocation of certain production lines from Jiangmen Base to Jiangsu Base.
- (5) The increase in the processing capacity was primarily attributable to the commissioning of additional recycling production lines at our Jiangsu Base in 2024.
- (6) The decrease in the processing capacity at Huizhou Production Facility was mainly because Huizhou Production Facility only operated for one month in 2024.
- (7) The processing capacity of our production lines is primarily designed based on the weight of raw materials fed into the production lines. Our processing capacity is estimated based on the assumption that our production lines operate for 16 hours per day by our employees for relevant working days during the relevant year, with due consideration given to scheduled production line adjustment, maintenance, upgrades and downtime.
- (8) Utilization rate equals actual processing volume for the relevant years divided by processing capacity for the relevant years.
- (9) Processing capacity and utilization rate are not applicable to our cascade utilization business because we produce non-standard products based on variations in incoming raw materials and differing customer requirements.

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Critical equipment and machinery

We equip our manufacturing facilities with advanced equipment, which we consider essential for enhancing automation, ensuring reliability, and maintaining cost competitiveness. For black mass manufacturing, our main production equipment includes shredders, grinding mills and dust collection system. For LFP electrode powder, our main production equipment includes dry separation hosts, batch mixing machines, screening equipment, demagnetization equipment and pneumatic conveying equipment. For metal salt solutions manufacturing, our main production equipment includes reduction furnaces, reaction kettles, stirrers and DCS control system. For cascade utilization products, our main processing equipment includes capacity grading equipment, aging equipment, laser welding equipment and transmission lines.

Many of our equipment require minimal human operation, allowing us to reduce labor costs and focus our manufacturing facility staffing on maintenance and supervisory personnel. We carry out assessments on the energy consumption and production efficiency of our equipment and upgrade them from time to time as we deem necessary. We calculate depreciation on our critical production machinery and equipment under our property, plant and equipment using the straight-line method over their estimated useful lives of 10 years.

Maintenance

We carry out inspections and maintenance at our production facilities and for our machinery and equipment on a periodic basis. We have developed and periodically updated internal repair and maintenance protocols at our production facilities according to the characteristics and requirements of the particular equipment and machinery to ensure our production lines perform at optimal levels. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material unexpected disruption of operations as a result of any material failure of production machinery and equipment.

Production expansion plans

For the purpose of optimizing our production processes, we plan to launch a production line at our Jiangmen Base in the fourth quarter of 2026 to further process our in-house produced solution into industrial-grade metal salts, such as lithium carbonate, nickel sulfate, cobalt sulfate and manganese sulfate. This project will be financed entirely by our internal capital and will not involve the [REDACTED] from the [REDACTED].

In order to meet the fast-growing market demand for lithium battery recycling, we plan to further expand our Jiangmen Base. We intend to acquire a parcel of land with a total planned GFA of around 20,000 sq.m. to construct a recycling and dismantling plant, Jiangmen Phase II Plant. We plan to acquire strategically plots with convenient supporting infrastructure and proximity to our existing Jiangmen Base, aiming to expand the warehousing space and recycling production capacity and to establish battery-grade lithium carbonate production workshops.

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We also plan to further process high-purity electrode powder into regenerated LFP cathode material. Pursuant to our corporate development plan, we intend to construct LFP cathode material regeneration production line at our Jiangsu Base. The construction principally includes workshop construction, procurement of production machinery and equipment, and funds for daily plant operations.

See “— Our Strategies — Further enhance the recycling and material recovery capacity of lithium battery, expand market share and elevate industry standing” in this section and “Future Plans and Use of [REDACTED]” for further details.

We believe that our expansion projects will further strengthen our production capacity, maintain our market position and realize our market potential.

QUALITY CONTROL

We implement integrated quality management across all operational phases — from R&D and procurement to production and sales — to maintain stringent product and service standards. Our quality assurance system is anchored in proactive risk prevention and continuous improvement, validated by internationally recognized certifications including ISO 9001, ISO 14001 and ISO 45001. The following are our key quality assurance measures:

Quality control on R&D

Our quality control begins at the initial stage of our R&D activities. Our quality control team works closely with our research and development team to test and evaluate the effectiveness, capacity and quality of our products and technologies in accordance with relevant quality standards and customer specifications.

Quality control on procurement

We manage our suppliers and procurement process through internally formulated supplier management and evaluation control procedures, with clear departmental responsibilities for supplier development and management. We classify suppliers into different categories and conduct a comprehensive evaluation of potential suppliers, including information verification, capacity assessment and sample testing, and on-site inspection and evaluation will be conducted for key suppliers affecting product quality. We implement performance assessments on qualified suppliers based on quality acceptance rate, on-time delivery rate and other core indicators, and conduct dynamic management such as disqualification for underperforming ones. We require qualified suppliers to meet applicable ISO management systems and maintain multiple suppliers for one material in principle to ensure supply stability. Upon delivery, our quality control department conducts incoming inspection and R&D department formulates acceptance standards, ensuring defective raw materials are identified and addressed early.

Quality control on production

We strictly adhere to our customers’ quality specifications and relevant industry standards throughout our production process, with a full-process quality control system covering pre-production preparation, in-process manufacturing and finished product inspection. Our R&D team identifies key and

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special production processes, sets quality control points and formulates process standards for them, and our quality control team conducts daily quality checks of work-in-progress at these key control points. We also enforce rigorous product identification and traceability control in line with internal procedures, clearly marking each batch of products to prevent confusion and ensure complete production quality traceability, with work-in-progress required to pass batch testing before moving to the next process and non-conforming products handled in accordance with formal control procedures. In accordance with our internal quality control system, all these measures ensure compliance with our and our customers’ quality standards at each stage of production.

As a result of our strict quality control policies, during the Track Record Period, and up to the Latest Practicable Date, we did not, due to material product quality issues, (i) receive fines, product recall orders or other penalties from the government or other regulatory bodies in Chinese mainland, (ii) receive any material product return request from our customers or (iii) receive any material complaints from consumers. During the Track Record Period, we did not record any material provision for product warranty.

Quality control on logistics, delivery and warehousing

Before delivery, our quality control team conducts sample checks for every batch of finished products. For finished cascade utilization products stored for more than six months, we require re-inspection by the quality control team before shipment to ensure product quality. We also perform strict packaging inspections to ensure that our packaging sufficiently protects the quality of our finished products during transportation, with clear product labels affixed to prevent confusion of specifications and models, and damaged packaging to be promptly handled in conjunction with relevant departments. Our warehouse implements standardized storage and regular inspections, with classified storage for different types of products and materials, strict compliance and comprehensive safety measures in place to prevent fire, water damage, moisture and theft, minimizing potential threats to our finished products and raw materials in storage.

INVENTORY MANAGEMENT AND LOGISTICS

Inventory management

Our inventory primarily consists of raw materials and consumables, work-in-progress and finished goods. We generally maintain a sufficient inventory of our principal raw materials and consumables based on market conditions and our order quantity, while we also review our inventory levels on a regular basis to minimize the risk of inventory build-up. For other raw materials, we generally make purchase orders based on our production schedules. We leverage a variety of information technology systems to assist us in planning and managing our inventories, such as our OA and ERP systems. Such systems provide our management with real-time information and transparency of our inventories.

Logistics

We maintain rigorous oversight of our logistics and outsource logistics services to large, qualified, and experienced independent third-party suppliers. We select third-party suppliers primarily based on their market reputation, service capability and compliance credentials to ensure the safe and stable transportation of our goods. We maintain a list of qualified logistics service providers and evaluate their service quality from time to time.

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During the Track Record Period and up to the Latest Practicable Date, we had not experienced any significant delay or inappropriate handling of goods that materially or adversely affected our business operations.

RESEARCH AND DEVELOPMENT

Our R&D team

We have established an in-house R&D Institution. Our Research Institution leads our R&D activities, setting annual R&D plans and goals to continuously improve production processes, maintain our technological advantages, and enhance our competitiveness. Specifically, our R&D Institution initiates R&D projects based on our operational and production needs, overseeing the design, research, development, and testing of production processes and products. Our R&D Institution collaborates with our operations and production departments closely to ensure the smooth execution of R&D projects.

As of the Latest Practicable Date, we had a total of 36 R&D personnel, many of whom held bachelor’s degree or above in chemistry, refining, engineering, and other scientific fields essential to the lithium battery recycling and material recovery business, and had extensive work experience in related fields. Our Deputy R&D Director holds bachelor’s and master’s degrees from Zhejiang University, with postgraduate research focused on fuel cells. He has also gained extensive professional experience at high-tech enterprises in the new energy and electronics sectors, as well as at the Tsinghua University Research Institute, who joined us in 2022 to oversee our R&D activities. We incurred RMB33.9 million, RMB32.7 million and RMB24.4 million of research and development expenses in 2023, 2024 and 2025, respectively.

R&D achievements and key technologies

Our R&D efforts have yielded a series of key technologies that have been widely used in our production. After years of continuous R&D investment, our key technologies are listed below:

- *Dry physical discharge technology:* Unlike conventional saltwater discharge in the industry, which often takes more than three days, generates waste, and corrodes lithium batteries leading to loss of lithium, nickel and other elements, this technology adopts self-developed discharge media and process equipment to achieve rapid, deep discharge of lithium batteries within hours with zero waste discharge. We have designed an intelligent switching system between energy feedback discharge and resistance discharge to clarify discharge energy feedback efficiency under different battery conditions, and developed methods to suppress voltage rebound after discharge. It monitors battery voltage, current, temperature and other parameters in real time and automatically controls the discharge process to realize energy feedback, safety control and discharge endpoint identification.
- *Short-process semi-extraction technology:* In this technology, black mass undergoes leaching, followed by chemical precipitation to remove impurity elements, including iron, aluminum, copper, calcium, magnesium, fluorine and phosphorus, to produce high-purity NCM mixed solution. The resulting solution is then processed through a sequential semi-extraction procedure, including comprising nickel-soap extraction for calcium removal, manganese extraction, and cobalt extraction, to separately produce high-purity manganese sulfate

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solution, cobalt sulfate solution and nickel sulfate solution. This semi-extraction technology significantly reduces the usage of neutralizers, and lowers wastewater generation by up to 81%, thereby reducing production costs, and delivering stronger environmental and energy-saving benefits.

- *Pre-lithium extraction technology:* Compared with other pre-lithium extraction methods such as hydrogen reduction and natural gas reduction, this carbon reduction-based pre-lithium extraction technology does not involve flammable or explosive gases like hydrogen or methane. It uses reduced carbon powder to convert nickel, cobalt and manganese in cathode materials to divalent ions, weakening the binding force of lithium. After reduction, the lithium in the electrode material is leached into pure water and sulfuric acid to form a lithium sulfate solution, and finally achieve lithium extraction. The front-end lithium extraction rate from ternary electrode powder can reach over 90%.
- *LFP high-purity electrode powder production technology:*
 - *High-purity electrode powder separation technology:* The used LFP batteries and production scraps go through precision dismantling and sorting procedure and LFP cathode sheets are firstly obtained. After mechanical striping and other physical separation techniques, the aluminum foil current collectors are then efficiently separated from LFP cathode materials, resulting in the production of high-purity LFP electrode powder as the refined raw materials.
 - *Deep purification and impurity removal technology:* Leveraging the high-temperature oxidation process, this technology can simultaneously achieve two critical objectives. On the one hand, it enables the effective removal of carbon-based, fluorine-based and other surface impurities present on the LFP material. On the other hand, it facilitates the conversion of complex degraded structures, including lattice distortion, lithium deficiency and amorphization into chemically synthesizable LFP units, thereby establishing the requisite structural foundation for subsequent material restoration and regeneration.
 - *Refined structure restoration technology:* Using the LFP chemical synthesis units as the foundational precursor matrix for the restoration of LFP materials, this technology achieves the orderly reconstruction of the crystalline structure through the synergistic application of precise compositional regulation, carbon source supplementation, elemental doping, and high-temperature solid-phase sintering. The integrated process enables the reconversion of the LFP chemical synthesis units into electrochemically active LFP cathode materials with restored performance characteristics.

R&D collaboration

We routinely engage in R&D collaborations with research institutions and universities, with a focus on achieving technological breakthroughs and new product development. Specifically, we have established partnerships with universities, including Central South University and Changzhou University to jointly advance our research and development efforts including developing new processes aimed at improving lithium recovery rates and developing physical restoration of cathode materials to support our market expansion.

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We enter into cooperation agreements for specific projects with these universities that set forth the ownership of intellectual property and research achievements arising from the collaboration. We will also take the initiative in preparing the design and work plan and work seamlessly with universities to deliver R&D results. The major terms of our joint technology development agreements typically include the following:

Ownership of intellectual property rights	New intellectual property generated from joint research is jointly owned by both parties. We have an exclusive or free license for industrial applications.
Confidentiality	Both parties undertake confidentiality obligations over technical and business information obtained during cooperation. Any information obtained during joint development shall not be disclosed to any other third party.
Time and termination	The term of agreements varies from three months to five years.
Development progress	The university party shall submit a R&D plan and complete phased research and industrialization guidance as scheduled.

SALES AND MARKETING

Our sales team

We have dedicated sales and marketing teams for our products. As of the Latest Practicable Date, we had a sales and marketing team of 24 personnel. Our sales and marketing personnel are primarily responsible for liaising with existing customers to understand their requirements and collect product feedback, as well as monitoring the progress and fulfillment of customer orders. Our sales and marketing personnel also seek to expand our customer base through showcasing the strengths of our products and services to potential customers.

Our marketing strategy

Our main marketing activities include sponsorship of and participation in industry exhibitions and conferences, such as SMM Battery Recycling and Circular Industry Conference and South East Asia Lithium Battery Recycled Black Mass Material Technology and Resources Exchange Conference. We arrange marketing specialists to maintain close contact with existing and potential customers through on-site visits, online communication and sample delivery to explore cooperation opportunities. We implement tiered-customer management and conduct continuous regular visits to key customers. We also actively participate in domestic and overseas academic and industry conferences to elevate our brand awareness. We believe our active participation in these exhibitions and conferences allows us to keep abreast of the latest industry policies and trends and exchange information and ideas with other companies in our industry.

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Our sales volume, average selling price and pricing policy

We price our products based on various factors including raw material costs, product value and prevailing market conditions. We adopt differentiated pricing for different products. The pricing of hydrometallurgy products is mainly determined with reference to market prices of major metal salts such as lithium carbonate, nickel sulfate, and cobalt sulfate released by authoritative third-party platforms. Similarly, the pricing of black mass also refers to the aforesaid third-party metal price indices, with final prices adjusted according to customer-specific requirements and varying metal content specifications. According to the CIC Report, our pricing for recycling, hydrometallurgy and cascade utilization products is generally in line with prevailing market practice.

The table below sets forth a breakdown of the sales volume and average selling price of our major products for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	Sales Volume	Average Selling Price ⁽¹⁾	Sales Volume	Average Selling Price ⁽¹⁾	Sales Volume	Average Selling Price ⁽¹⁾
		(RMB/ton or RMB/ kWh)		(RMB/ton or RMB/ kWh)		(RMB/ton or RMB/ kWh)
Recycling products (ton)	24,246	40,289	37,353	26,334	49,342	24,935
Hydrometallurgy products (ton)	–	–	4,248	6,072	26,086	7,165
Cascade utilization products (kWh)	314,296	576	628,283	256	394,393	209

Note:

(1) Average selling price is calculated as revenue for the year divided by sales volume for the same year.

During the Track Record Period, the pricing of our products fluctuated significantly mainly due to the change in the price of raw materials. We closely monitor the price fluctuations in our raw material purchases and review and adjust the pricing of our products when necessary. In particular, we inspect the price trend of key raw materials from time to time to grasp the current and future purchase price, and to identify the potential discrepancies between supply and demand in the industry. However, our pricing strategies mentioned above may not be able to fully cover the risks associated with the decrease in raw material prices. See “Risk Factors — Risks Relating to Our Business and Industry — Our business is exposed to price fluctuations in raw materials” and “Financial Information — Year-to-Year Comparison of Results of Operations” for further details.

Our traders

We consider customers who purchase our products not for their own use as traders for purpose of this document. Traders form a part of our sales network. As of December 31, 2023, 2024 and 2025, we had 67, 45 and 62 traders, respectively. We usually do not enter into any framework agreements with

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our traders nor do we set any sales performance targets or reselling prices for them. Our traders purchase products from us by placing sales orders with us from time to time based on their actual demand.

During the Track Record Period and up to the Latest Practicable Date, we did not have any exclusivity arrangement with our traders. For our transactions with traders, in line with industry practice, none of these customers is entitled to return our products (including unsold or obsolete goods), unless our products are defective. The return rate of our products sold to traders, being the total monetary amount of goods returned by traders divided by the total revenue generated from traders in the relevant year, was approximately 1.5%, nil and less than 0.01% for the years ended December 31, 2023, 2024 and 2025, respectively. We retain no ownership control over our products sold to our trader customers and maintain a buyer-seller relationship with our traders. Our traders are responsible for managing their own inventories and anticipating demands from their customers.

The following table sets forth a breakdown of our revenue from the sales of our products by customer type for the years indicated:

	For the year ended December 31,					
	2023		2024		2025	
	Revenue RMB'000	%	Revenue RMB'000	%	Revenue RMB'000	%
Non-traders	1,113,468	96.2	1,152,613	98.5	1,232,564	82.2
Traders	<u>44,477</u>	<u>3.8</u>	<u>17,919</u>	<u>1.5</u>	<u>267,053</u>	<u>17.8</u>
Total	<u><u>1,157,945</u></u>	<u><u>100.0</u></u>	<u><u>1,170,532</u></u>	<u><u>100.0</u></u>	<u><u>1,499,617</u></u>	<u><u>100.0</u></u>

Our cooperation with traders enables us to penetrate markets and cater to diversified demands from various customers. According to CIC, it is common for lithium battery recycling and material recovery solution providers to sell products to traders.

To the best of our Directors' knowledge, all of our traders for the Track Record Period were Independent Third Parties.

After-sale services

We value customer experience and are dedicated to offering attentive customer service to our customers. We also have after-sale specialists to handle customer complaints and after-service enquiries in a timely manner. During the Track Record Period, we had not received any material complaints or reports of material product quality issues from our customers.

SEASONALITY

Our lithium battery recycling and material recovery business has a stockpiling peak in the fourth quarter with rising demand for used batteries and production scraps prices as upstream suppliers release large volumes of waste materials and downstream enterprises stock up for raw material requirements for the production in the following year.

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In line with the manufacturing industry in the PRC, our production typically halts for the Chinese New Year holiday. As a result of the foregoing, our production and sales volume in the first quarter of each financial year was lower than that in other quarters.

OUR CUSTOMERS

Our major customers

Our customers are primarily manufacturers of batteries and battery materials in China. For the years ended December 31, 2023, 2024 and 2025, revenue from our five largest customers for each year during the Track Record Period represented approximately 45.9%, 42.7% and 29.5% of our total revenue, and revenue from the largest customer for each year during the Track Record Period represented approximately 25.8%, 16.5% and 7.6% of our total revenue, respectively. We generally grant a credit period of nil to 45 days to customers.

The tables below set forth the basic information of our five largest customers in each year during the Track Record Period:

Year ended December 31, 2023

Customer	Year of commencement of business relationship	Major products provided	Payment method	Revenue amount <i>RMB'000</i>	Percentage to total revenue of our Group %
Customer A ⁽¹⁾	2022	Recycling products	Bank transfer	298,294	25.8
Ganzhou Jirui New Energy Technology Co., Ltd.* (贛州吉銳新能源科技股份有限 公司) ⁽²⁾	2022	Recycling products	Bank transfer	73,082	6.3
Customer B ⁽³⁾	2022	Recycling products	Bank transfer	57,160	4.9
Customer C ⁽⁴⁾	2023	Recycling products	Bank transfer	52,749	4.6
Customer D ⁽⁵⁾	2022	Recycling products	Bank transfer	<u>49,873</u>	<u>4.3</u>
Total				<u><u>531,158</u></u>	<u><u>45.9</u></u>

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Year ended December 31, 2024

Customer	Year of commencement of business relationship	Major products provided	Payment method	Revenue amount <i>RMB'000</i>	Percentage to total revenue of our Group %
Customer A ⁽¹⁾	2022	Recycling products and cascade utilization products	Bank transfer	193,314	16.5
Customer E ⁽⁶⁾	2023	Recycling products	Bank transfer	83,289	7.1
Customer F ⁽⁷⁾	2023	Recycling products and hydrometallurgy products	Bank transfer	80,457	6.9
Customer G ⁽⁸⁾	2024	Recycling products	Bank transfer	72,233	6.2
Customer D ⁽⁵⁾	2022	Recycling products	Bank transfer	<u>70,460</u>	<u>6.0</u>
Total				<u><u>499,753</u></u>	<u><u>42.7</u></u>

Year ended December 31, 2025

Customer	Year of commencement of business relationship	Major products provided	Payment method	Revenue amount <i>RMB'000</i>	Percentage to total revenue of our Group %
Customer E ⁽⁶⁾	2023	Recycling products	Bank transfer	114,669	7.6
Customer H ⁽⁹⁾	2022	Recycling products	Bank transfer	97,856	6.5
Customer D ⁽⁵⁾	2022	Recycling products	Bank transfer	94,239	6.3
Customer I ⁽¹⁰⁾	2024	Recycling products	Bank transfer	75,298	5.0
Customer J ⁽¹¹⁾	2025	Recycling products and hydrometallurgy products	Bank transfer	61,110	4.1
Total				<u><u>443,172</u></u>	<u><u>29.5</u></u>

Notes:

- (1) A group of private companies primarily focusing on the recycling and cascade utilization of used battery business headquartered in Zhaoqing, Guangdong Province, China, including (i) a parent company with a registered capital of approximately RMB375.0 million as of the Latest Practicable Date; and (ii) five of its subsidiaries.

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- (2) A group of private companies primarily focusing on the field of recycling and cascade utilization of used battery cathode materials headquartered in Ganzhou, Jiangxi Province, China, including (i) a parent company, namely Ganzhou Jirui New Energy Technology Co., Ltd., with a registered capital of approximately RMB177.2 million as of the Latest Practicable Date; and (ii) one of its subsidiaries.
- (3) A group of companies, including (i) a public company listed on the Shenzhen Stock Exchange primarily engaged in the disposal of non-ferrous metal hazardous waste and the recycling and cascade utilization of renewable resources headquartered in Zhaoqing, Guangdong Province, China. As of the Latest Practicable Date, its registered capital was approximately RMB562.0 million; and (ii) one of its subsidiaries.
- (4) Customer C is a private company primarily engaged in the processing and sales of non-ferrous metals and mineral products headquartered in Shangrao, Jiangxi Province, China. As of the Latest Practicable Date, its registered capital was approximately RMB1.0 million.
- (5) Customer D is a private company primarily focusing on high-value services for the new energy industry, conducting recycling and cascade utilization of used batteries headquartered in Shaoxing, Zhejiang Province, China. As of the Latest Practicable Date, its registered capital was approximately RMB360.0 million.
- (6) Customer E is a public company listed on the Shenzhen Stock Exchange primarily specializing in the research, development, production, and sales of cobalt-based materials headquartered in Ganzhou, Jiangxi Province, China. As of the Latest Practicable Date, its registered capital was approximately RMB294.7 million.
- (7) A group of companies, including (i) a public company listed on the Shanghai Stock Exchange primarily specializing in the research, development, production, and sales of new materials headquartered in Jiangmen, Guangdong Province, China. As of the Latest Practicable Date, its registered capital was approximately RMB510.2 million; and (ii) one of its subsidiaries.
- (8) Customer G is a private company primarily focusing on the research and development of new material technologies, recycling of renewable resources, and the recycling and cascade utilization of used batteries from EV headquartered in Shangrao, Jiangxi Province, China. As of the Latest Practicable Date, its registered capital was approximately RMB50.0 million.
- (9) A group of three companies under the common control of a public company listed on the Shanghai Stock Exchange primarily engaged in the research, development, manufacturing, and sales of lithium battery materials and cobalt-based materials headquartered in Jiaxing, Zhejiang Province, China. As of the Latest Practicable Date, its registered capital was approximately RMB1,896.7 million.
- (10) Customer I is a private company primarily focusing on the manufacturing of advanced non-ferrous metal materials, non-ferrous metal alloy manufacturing and rolling processing, and the processing and disposal of metal waste and scrap headquartered in Tongling, Anhui Province, China. As of the Latest Practicable Date, its registered capital was approximately RMB10.0 million.
- (11) Customer J is a private company primarily providing supply chain management services and the sales of construction materials, high-performance non-ferrous metals, and electronic specialty materials headquartered in Jiangmen, Guangdong Province, China. As of the Latest Practicable Date, its registered capital was approximately RMB100.0 million.

Our Directors confirm that our five largest customers in each year during the Track Record Period were all Independent Third Parties and that none of our Directors, their respective close associates or any Shareholder (which to the knowledge of our Directors owning more than 5% of our share capital as of the Latest Practicable Date) had any interest, directly or indirectly, in any of our five largest customers in each year during the Track Record Period.

During the Track Record Period, to the best knowledge of our Directors, we did not have any material disputes with our customers or experience any material delays in or disruption of our product delivery. We believe that perceived quality and reputation are of paramount importance for the provision

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of our product offering. We believe that our customer relationships are well-established and that our commitment to reliability and service quality will enable us to further attract new customers and diversify our customer base. We aim to take a flexible approach to continue broadening our customer base and service range while strengthening our relationship with key customers.

Salient terms of our sales agreements

We typically enter into one-off sales agreements with our major customers. In some cases, we enter into semi-annual/annual framework sales agreements with customers, under which our customers will enter into individual purchase orders with us. Our sales agreements typically contain the following terms.

Terms	The agreements typically do not have a fixed term. We accept customer orders and arrange delivery as needed.
Specification	The customer orders will list out the type, specifications, and quantity of the products.
Pricing	For recycling products and hydrometallurgy products, prices are based on the agreed ratio of the latest market prices of corresponding metals; for cascade utilization products, fixed contracted prices apply.
Payment	We generally require customers to pay a certain percentage of payment in advance, with the balance settled after goods delivery and mutual confirmation of the settlement statement. Payment shall be made through bank transfer.
Delivery	We deliver goods to the customer’s designated place or make goods available for customer self-pickup within the agreed period.
Inspection and acceptance	Recycling products are tested by a mutually agreed third party; and cascade products are inspected by customers within the agreed period.
Product returns and exchanges	For recycling products and hydrometallurgy products, we generally do not accept returns or exchanges, except where the metal content of the product fails to meet the contractual requirements; for cascade utilization products, we generally do not accept returns or exchanges except where quality defects exist.

In some cases, we may enter into framework sales agreements with customers to govern long-term and regular sales cooperation. These agreements set out the general terms such as product categories, quality specifications, pricing mechanisms, delivery arrangements, and payment terms. We usually agree on approximate quantities under the framework, with the final quantity subject to actual purchase orders issued.

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OUR SUPPLIERS

Our major suppliers

Our suppliers are primarily battery manufacturers, EV OEMs, automobile insurance companies and energy storage operators in China. We select our suppliers that meet our prescribed requirements and qualification criteria. We consider several factors in the selection of suppliers, including but not limited to the supply quality, prices offered, years of operation and quality control accreditations. Potential key raw materials suppliers are subject to inspection conducted by us in order to evaluate their production processes and quality-control. We conduct annual classification and rating of our suppliers to optimize our supplier network. Our suppliers generally grant us a credit period of nil to 10 days. Our suppliers generally do not accept returns or exchanges, and generally do not provide product warranties.

For the years ended December 31, 2023, 2024 and 2025, procurement from our five largest suppliers for each year during the Track Record Period represented approximately 49.5%, 27.0% and 21.3% of our total purchase for the same years, respectively, and procurement from our largest supplier for each year during the Track Record Period represented approximately 16.1%, 6.8% and 6.6% of our total purchase for the same years, respectively.

The following tables set forth the basic information of our Group’s five largest suppliers in each year during the Track Record Period:

Year ended December 31, 2023

Supplier	Year of commencement of business relationship	Products principally procured	Payment method	Purchase amount <i>RMB’000</i>	Percentage to total purchase amount of our Group %
Supplier A ⁽¹⁾	2022	Electrode sheets	Bank transfer	211,911	16.1
Supplier B ⁽²⁾	2023	Electrode sheets and used batteries	Bank transfer	190,447	14.5
Supplier C ⁽³⁾	2018	Electrode sheets	Bank transfer	108,073	8.2
REPT BATTERO Energy Co., Ltd. (瑞浦蘭鈞能源股份有限公司) ⁽⁴⁾	2023	Battery cells and electrode sheets	Bank transfer	74,119	5.6
Supplier D ⁽⁵⁾	2018	Electrode sheets	Bank transfer	<u>67,019</u>	<u>5.1</u>
Total				<u><u>651,569</u></u>	<u><u>49.5</u></u>

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Year ended December 31, 2024

Supplier	Year of commencement of business relationship	Products principally procured	Payment method	Purchase amount <i>RMB'000</i>	Percentage to total purchase amount of our Group %
Supplier B ⁽²⁾	2023	Battery cells and electrode sheets	Bank transfer	74,723	6.8
Supplier E ⁽⁶⁾	2023	Battery cells	Bank transfer	59,961	5.5
Supplier F ⁽⁷⁾	2023	Electrode sheets	Bank transfer	58,567	5.4
REPT BATTERO Energy Co., Ltd. (瑞浦蘭鈞能源股份 有限公司) ⁽⁴⁾	2023	Electrode sheets	Bank transfer	53,253	4.9
Supplier C ⁽³⁾	2018	Electrode sheets and wound cores	Bank transfer	48,180	4.4
Total				<u>294,684</u>	<u>27.0</u>

Year ended December 31, 2025

Supplier	Year of commencement of business relationship	Products principally procured	Payment method	Purchase amount <i>RMB'000</i>	Percentage to total purchase amount of our Group %
Supplier C ⁽³⁾	2018	Crude black mass, electrode sheets and wound cores	Bank transfer	89,733	6.6
REPT BATTERO Energy Co., Ltd. (瑞浦蘭鈞能源股份 有限公司) ⁽⁴⁾	2023	Electrode sheets	Bank transfer	59,529	4.4
Supplier B ⁽²⁾	2023	Electrode sheets	Bank transfer	54,128	4.0
Supplier G ⁽⁸⁾	2024	Crude black mass	Bank transfer	49,879	3.6
Jiangsu Lihua New Energy Technology Co., Ltd.* (江蘇力 華新能源科技有限公司) ⁽⁹⁾	2023	Crude black mass	Bank transfer	36,405	2.7
Total				<u>289,674</u>	<u>21.3</u>

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Notes:

- (1) Supplier A is a private company primarily focusing on the recycling and cascade utilization of used power accumulators for new energy vehicles headquartered in Wuhu, Anhui Province, China. As of the Latest Practicable Date, its registered capital was approximately RMB15.0 million.
- (2) A group of companies, including (i) a parent company which is a public company listed on the Shenzhen Stock Exchange primarily focusing on lithium battery solutions covering consumer, power, and energy storage batteries headquartered in Huizhou, Guangdong Province, China. As of the Latest Practicable Date, its registered capital was approximately RMB2,045.7 million; and (ii) six of its subsidiaries.
- (3) A group of 11 companies under the common control of a public company listed on the Shenzhen Stock Exchange primarily focusing on the R&D and production of consumer batteries, EV power batteries, energy storage systems, and smart hardware headquartered in Shenzhen, Guangdong Province, China. As of the Latest Practicable Date, its registered capital was approximately RMB1,845.8 million.
- (4) REPT BATTERO Energy Co., Ltd. and three of its subsidiaries. It is a public company listed on the Stock Exchange of Hong Kong primarily focusing on the R&D, production, and sales of power and energy storage battery products headquartered in Wenzhou, Zhejiang Province, China. As of the Latest Practicable Date, its registered capital was approximately RMB2,276.9 million.
- (5) A group of eight companies under the common control of a public company listed on both Shenzhen Stock Exchange and the Stock Exchange of Hong Kong primarily focusing on the manufacturing of automobiles, electronics, new energy, and rail transit headquartered in Shenzhen, Guangdong Province, China. As of the Latest Practicable Date, its registered capital was approximately RMB9,117.2 million.
- (6) Supplier E is a private company primarily focusing on the production of LFP materials and cells, ternary materials and cells, and power battery packs headquartered in Hefei, Anhui Province, China. As of the Latest Practicable Date, its registered capital was approximately RMB10,000.0 million.
- (7) A group of three companies under the common control of a private company primarily focusing on the R&D, production, and sales of new energy storage batteries, power batteries, and energy management systems headquartered in Xiaogan, Hubei Province, China. As of the Latest Practicable Date, its registered capital was approximately RMB4,877.4 million.
- (8) Supplier G is a private company primarily focusing on the processing of waste electrical and electronic products and the recycling and dismantling of scrapped EV headquartered in Ganzhou, Jiangxi Province, China. As of the Latest Practicable Date, its registered capital was approximately RMB20.0 million.
- (9) Jiangsu Lihua New Energy Technology Co., Ltd. is a private company primarily focusing on the processing of lithium battery materials and the R&D of resource recycling technologies headquartered in Changzhou, Jiangsu Province, China. As of the Latest Practicable Date, its registered capital was approximately RMB10.0 million.

Our Directors confirm that our five largest suppliers in each year during the Track Record Period were all Independent Third Parties and that none of our Directors, their respective close associates or any Shareholder (which to the knowledge of our Directors owning more than 5% of our share capital as of the Latest Practicable Date) had any interest, directly or indirectly in any of our five largest suppliers in each year or period during the Track Record Period.

We consider it important to maintain good business relationships with our suppliers and where possible, to diversify our supplier base so as to avoid any disruptions of our operations. Our Directors confirm that during the Track Record Period and as of the Latest Practicable Date: (i) we did not experience any material difficulties in obtaining supplies to our business in a timely manner; and (ii) we did not have any material disputes with our suppliers that could materially and adversely affect our business operations.

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Salient terms of our purchase agreements

Our purchase agreements entered into with our suppliers typically contain the following terms.

Terms	The agreements typically do not have a fixed term. We place orders with our suppliers as needed.
Specification	The purchase orders will list out the type, specifications, and quantity of required materials.
Pricing	Pricing is primarily based on the agreed ratio of the prevailing market prices of relevant metals or fixed price.
Payment	Suppliers generally require us to pay a certain percentage of payment in advance, with the balance settled after goods delivery and mutual confirmation of the settlement statement. Payment shall be made through bank transfer.
Delivery	Suppliers are responsible for delivering the raw materials to our designated place within a specified period.
Inspection and acceptance	We are entitled to conduct inspections of the delivered goods before acceptance.

Outsourced production arrangements

Under certain circumstances where our customers require relevant metal salt products, we may outsource the metal salt production step considering that we had no in-house production capability for metal salt products during the Track Record Period. We select qualified manufacturers who are mainly engaged in the production of metal salt products with industry experience and stable production capacity. We set standards for raw material procurement and production procedures, and entrust eligible suppliers to complete outsourcing processing services of metal salt products. To the best of our knowledge, during the Track Record Period, all of our outsourced process services providers for metal salt products were our Independent Third Parties.

We generally enter into short-term outsourced production agreements on an as-needed basis with the relevant suppliers. The agreements typically specify the scope and specifications of outsourced products, and payment terms either on the date of product pickup or in accordance with the payment terms agreed under the respective contracts. We place purchase orders according to our actual business demands, with detailed product categories, specifications, quantities, delivery schedules and other core terms stipulated in each order. Our outsourced production suppliers generally do not accept returns or exchanges, and generally do not provide product warranties. We incurred outsourced processing costs of approximately RMB9.1 million, RMB0.1 million and RMB11.5 million for the years ended December 31, 2023, 2024 and 2025, respectively.

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OVERLAPPING CUSTOMERS AND SUPPLIERS

For the years ended December 31, 2023, 2024 and 2025, among our five largest customers for each year during the Track Record Period, one, two and one customer(s) in each year during the Track Record Period were also our suppliers in the corresponding year, from which we generated revenue of RMB298.3 million, RMB265.5 million and RMB97.9 million, accounting for 25.8%, 22.7% and 6.5% of our total revenue for the relevant years, respectively. Our purchase amount from them amounted to RMB7.3 million, RMB12.1 million and RMB 2.5 million, accounting for 0.6%, 1.1% and 0.2% of our total purchase amount in the corresponding year, respectively.

For the same years, among our five largest suppliers for each year during the Track Record Period nil, nil and two suppliers in each year during the Track Record Period were also our customers in the corresponding year. Our purchase amount from them amounted to nil, nil and RMB143.9 million, which accounted for nil, nil and 10.6% of our total purchase amount in the corresponding year, respectively. Our revenue generated from such suppliers amounted to nil, nil and RMB60.9 million, accounting for nil, nil and 4.1% of our total revenue in the corresponding year, respectively.

According to CIC, due to the nature of the industry, it is a common practice in the lithium battery recycling and material recovery industry to have overlapping customers and suppliers, where we may purchase used batteries and production scraps from battery manufacturers and sell our products to them to serve as key raw materials for manufacturing batteries and where in limited occasions, we may procure processing services from lithium battery recycling and cascade utilization, and battery material recovery customers with metal salt production capabilities, or on customer’s behalf, we may purchase metal salts from lithium battery recycling companies which procure black mass from us for their production.

Our Directors have confirmed that all of our sales to and purchases from these overlapping customers and suppliers were conducted in the ordinary course of business under normal commercial terms. During the Track Record Period, our sales and purchases with the overlapping customers and suppliers were not inter-conditional with each other. The terms of our agreements with these overlapping customers and suppliers are substantially similar to those with our other suppliers and customers.

OUR INFORMATION TECHNOLOGY INFRASTRUCTURE

We utilize a number of information technology systems to manage all aspects of our operations, including but not limited to sales management, expense management, material procurement, production, quality control, inventory management and human resources. The following information technology systems are the most critical to our business among our collective integrated information systems:

ERP System

Our enterprise resources planning system, or ERP system, regulates our operations, inventory control, procurement, production and sales management. It provides us with timely access to inventory and sales data and allows our management to monitor our sales performance and make appropriate adjustments in response to the market conditions. It also facilitates our procurement, marketing strategies and decision-making process.

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DCS Production Control System	Our DCS Production Control System provides us with automated control over critical production processes, including real-time monitoring, data acquisition, and automated control of key operational nodes to ensure process stability and efficiency.
WMS System	Our WMS system, enables intelligent control over the entire warehousing process. It accurately verifies goods information and automatically allocates storage locations upon warehousing, and conducts intelligent picking and rapid verification to improve delivery efficiency upon outbound. It monitors inventory levels in real time, triggers automatic replenishment alerts and optimizes inventory layout. The system also integrates with upstream and downstream systems for data sharing, supporting warehousing decisions and reducing operating costs.
R&D Management Platform	Our R&D management platform supports automatic statistics embedded in task scenarios to help control labor costs and project progress. It integrates tools to collect equipment working hour data and optimize equipment resource allocation. It covers the full lifecycle of R&D projects, adapts to multiple development models, connects cross-team collaboration, and enables data-driven decisions to comprehensively improve R&D efficiency.
Expense Control System	Our Expense Control System standardizes our full-process expense management and approval workflows. It transforms expense management into proactive closed-loop control covering pre-event budgeting, in-process supervision and post-event review. It improves the efficiency of expense approval and reimbursement, delivers real-time data insights to support management decision-making, and effectively mitigates financial, taxation and internal compliance risks, while optimizing operating costs and achieving compliant and cost-effective business operations.

The capabilities and the stability of our IT infrastructure are vital to our business operations. The IT department performs system checks, data back-ups, system maintenance and other activities to secure the continual operation of the critical IT systems and facilities. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material failure or breakdown of our IT systems which had resulted in a material and adverse impact on our overall business operations.

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AWARDS AND RECOGNITIONS

During the Track Record Period, we received various awards and recognitions for our quality, platform capabilities, brand influence and innovation. Representative awards and recognitions are set forth below:

Award year	Awards/Recognitions	Issuing entities
2026	National-Level Key Little Giant Enterprise (國家重點“小巨人”企業)	Ministry of Industry and Information Technology (工業和信息化部)
2026	Shenzhen Well-known Brand (深圳知名品牌)	Shenzhen Well-known Brand Evaluation Committee (深圳知名品牌評價委員會)
2026	Shenzhen Advanced Collective (深圳市先進集體)	Shenzhen Municipal Committee of Communist Party of China and Shenzhen Municipal People’s Government (中共深圳市委、深圳市人民政府)
2026	2025 Pengcheng Outstanding Engineer Team (2025年鵬城卓越工程師團隊)	Human Resources and Social Security Administration of Shenzhen Municipality (深圳市人力資源和社會保障局)
2025	2025 Top 500 Enterprises in Shenzhen (2025深圳企業500強)	Shenzhen Enterprise Confederation and Shenzhen Entrepreneur Association (深圳市企業聯合會、深圳市企業家協會)
2024	Guangdong Provincial Engineering Research Center for High-value Utilization of Retired Power Batteries (廣東省退役動力電池高值化利用工程技術研究中心)	Guangdong Provincial Department of Science and Technology (廣東省科學技術廳)
2024	National-Level Specialized, Sophisticated, Distinctive, and Innovative Little Giant Enterprise (國家級專精特新“小巨人”)	Ministry of Industry and Information Technology (工業和信息化部)
2024	Guangdong Provincial Single Champion Enterprise in Manufacturing (廣東省製造業單項冠軍企業)	Guangdong Provincial Department of Industry and Information Technology (廣東省工業和信息化廳)
2024	Inclusion of our Used EV Battery Pack Energy Storage System Technology and Application Demonstration Project in the Green Technology Promotion Catalog (2024 Edition) (《綠色技術推廣目錄(2024年版)》)	NDRC
2024	Jiangmen Municipal Engineering Research Center for Comprehensive Utilization of Retired Power Batteries (江門市退役動力電池綜合利用工程技術研究中心)	Jiangmen Municipal Bureau of Science and Technology (江門市科學技術局)

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Award year	Awards/Recognitions	Issuing entities
2023	Shenzhen Well-known Brand (深圳知名品牌)	Shenzhen Well-known Brand Evaluation Committee (深圳知名品牌評價委員會)
2023	Key Enterprise of the “Shenlong Technology Plan” (“深龍科技計劃”重點企業)	Longgang District Development and Reform Bureau (龍崗區發展和改革局)
2023	2023 Top 500 Manufacturing Enterprises of Guangdong Province (2023年廣東省製造業企業500強)	Institute of Industrial Economics of Jinan University, Guangdong Provincial Manufacturing Association and Guangdong Provincial Institute of Development and Reform (暨南大 學產業經濟研究院、廣東省製造業 協會、廣東省發展和改革研究院)

COMPETITION

According to CIC, China leads the development of the lithium battery recycling and material recovery industry, and the global and Chinese lithium battery recycling and material recovery industry is entering a period of rapid growth driven by large-scale battery decommissioning, surging demand for recycled materials and increasingly stringent global ESG and compliance requirements. The industry demonstrates a clear trend of rising concentration, with resources accelerating to flow toward qualified enterprises with technological advantages and diversified channel advantages.

According to the CIC, the primary competitive factors in our markets include stable and diversified sources of used batteries, integrated comprehensive treatment capability and globalized industrial chain layout. We believe we can compete effectively in the market by leveraging our mass production capability, stable supply, R&D capabilities, high-quality product portfolio and reliable partnerships with customers.

Competition in our industry primarily centers on the seizing of upstream supply channels, the establishment of integrated industrial chain processing capabilities, technological innovation, platform expandability, product pricing, the quality and diversity of solutions, financial strength, and the ability to acquire and retain customers. See “Risk Factors — Risks Relating to Our Business and Industry — We face intense competition in the lithium battery recycling and material recovery industry” for further details.

In addition, when we enter into a new market, we may face intense competition from companies with an established presence in the relevant geographical areas and from other companies with similar expansion targets. We cannot assure you that we will be able to successfully compete to expand our coverage and make strategic acquisitions. See “Risk Factors — Risks Relating to Our Business and Industry — Our overseas sales and marketing plans and strategies may not yield the desired results” for further details.

For further details, see “Industry Overview”.

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INTELLECTUAL PROPERTY

Intellectual property is important to our success and competitiveness. As of the Latest Practicable Date, we had registered 119 patents and applied for 47 patents, and registered 28 trademarks, five copyrights and three domain names in the PRC. We also hold one registered patent each in the United States, Canada and Mexico, respectively, and filed one patent application in Europe. See “Statutory and General Information — B. Further information about our business — 2. Intellectual property rights of our Group” in Appendix VII to this document for further details.

We also seek to protect our proprietary technology and process by entering into confidentiality agreements with consultants, business partners and contractors. We have entered into confidentiality agreements and non-competition agreements with our senior management and certain core members of our R&D team and other key employees who have access to trade secrets or confidential proprietary information. Our standard employment contract contains an assignment clause, under which we own all the rights to all inventions, technology, know-how and trade secrets derived during the course of an employee’s employment with us. However, despite measures taken to protect our intellectual property rights, third parties may nevertheless gain unauthorized access to our confidential information and trade secrets. For further details, see “Risk Factors — Risks Relating to Our Business and Industry — We may not be able to adequately protect our intellectual property rights, and uncertainty regarding the validity, enforceability or scope of our intellectual property rights may undermine our competitive position, and litigation to protect our intellectual property rights may be costly” for further details.

As of the Latest Practicable Date, we were not involved in any legal, arbitral or administrative proceedings or claims of infringement of any intellectual property rights, in which we may be a claimant or a respondent. Our Directors confirmed that they were not aware of any legal, arbitral or administrative proceedings of infringement of any third parties’ intellectual property rights by us as of the Latest Practicable Date.

EMPLOYEES

As of the Latest Practicable Date, we had 329 full-time employees, all of who were based in China.

The following table sets forth the numbers and percentages of our full-time employees by function as of the Latest Practicable Date:

	Number of employees	% of total employees
Management and administration	37	11.3
Production	163	49.5
R&D	36	10.9
Sales and Marketing	24	7.3
Finance	14	4.3
Supply chain	55	16.7
Total	<u>329</u>	<u>100.0</u>

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We believe that our employees are valuable assets that contribute to our success. We recruit our employees based on a number of factors such as their working experience, their educational background, and our vacancy needs. We generally pay our employees a fixed salary and other allowances based on their respective positions and responsibilities.

We entered into individual employment contracts with our full-time employees covering matters such as wages, employee benefits, employment scope, and grounds for termination. As of the Latest Practicable Date, we have established a labor union, and we have not had any material dispute with our employees.

Our employees receive trainings to enhance their vocational skills, knowledge of industry quality standards, occupational health, and safety standards and applicable laws and regulations.

We believe that we have maintained good working relationships with our employees. During the Track Record Period and up to the Latest Practicable Date, we did not experience any major labor disputes, work stoppages, or labor strikes or any work safety related incidents that led to disruptions in our Group’s operations.

We are committed to providing a fair, diversified, and inclusive workplace for all employees by strictly abiding by laws and regulations in the relevant jurisdictions relevant to compensation and dismissal, equal opportunities, diversity, antidiscrimination, and other benefits. In compliance with relevant law requirements, the recruitment, remuneration and welfare, promotion and dismissal of our employees are dependent on their competence at work. We respect the rights and interests of every employee and strive to ensure a discrimination and harassment free working environment for all employees, where equal opportunities are offered to all employees regardless of their age, gender, race, nationality, disability, family status, marital status, or any other factors irrelevant to their work competence.

We also provide benefits to our employees as part of their compensation package which we believe is in line with industry norm. For example, our PRC-based employees are entitled to housing provident fund and social insurance including pension, basic medical insurance, maternity insurance, work-related injury insurance, and unemployment insurance, as mandated by the PRC laws and regulations.

Social insurance and housing provident fund contributions

Pursuant to applicable PRC laws and regulations, employers are required to make contributions to, and employees are required to participate in, a number of social insurance funds, including pension fund, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance, and the housing provident fund. See “Regulatory Overview — Laws and Regulations Relating to Employment, Social Security and Housing Provident Funds” for further details. During the Track Record Period, we did not make full contributions to social insurance and housing provident fund for certain employees.

During the Track Record Period and up to the Latest Practicable Date, we did not incur any material administrative penalties or court enforcement in relation to social insurance and housing provident fund contributions, receive any inspection or investigation from the relevant authorities regarding such contributions, or receive any employee complaints or reports on social insurance and housing provident fund contributions. Based on interviews and consultations with relevant competent

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authorities, in general, they will only conduct inspections and take actions against enterprises in the event of employee complaints or reports, or when the authorities issue regulatory notices or conduct proactive inspections on their own initiative. We will make timely rectification and back-payments if required by the authorities.

Based on the above, our PRC Legal Advisor is of the view that, in the absence of material changes to applicable laws, regulations and regulatory practices and no collective employee complaints, and on the condition that, in the event of any complaints or reports, we will promptly and properly handle such complaints or make rectifications in a timely manner as required by the competent authorities, and that no regulatory notices or proactive inspections have been issued by the competent authorities, the likelihood that we were required to pay the historical shortfalls of social insurance and housing provident fund contributions during the Track Record Period and up to the Latest Practicable Date is remote, and the likelihood that we would be subject to material administrative penalties due to our failure to make full social insurance and housing provident fund contributions during the Track Record Period and up to the Latest Practicable Date is remote.

INSURANCE

We are required by relevant laws and regulations in the PRC to maintain employment injury insurance, which covered, among other things, work injuries, accidents or incidents which gave rise to employees’ occupational health diseases. We also make contributions to other types of social insurance for our employees in accordance with the relevant laws and regulations of the PRC. However, we do not maintain business interruption insurance, any insurance for our information technology infrastructure and systems, or any insurance for our leased properties, which is in line with general industry practice in China.

Our Directors consider our insurance coverage to be customary for businesses of our size and type and in line with the standard commercial practice in the jurisdictions where we have operations. However, the risks related to our business and operations may not be fully covered by insurance. See “Risk Factors — Risks Relating to Our Business and Industry — Our insurance coverage may be inadequate to protect us from potential losses” for further details.

PROPERTIES

Owned properties

As of the Latest Practicable Date, we own two land parcels located in Jiangmen and Shenzhen, respectively with a total site area of approximately 63,549.14 sq.m. The land parcel in Jiangmen has a GFA of approximately 49,667.69 sq.m. During the Track Record Period and up to the Latest Practicable Date, save as disclosed below, we have obtained all certificates for the properties we owned. As of the Latest Practicable Date, we had one construction-in-progress project, namely the Shenzhen Lithium Battery New Energy Building, situated on our land parcel in Shenzhen with an estimated GFA of approximately 57,331.50 sq.m. Upon completion, the Shenzhen Lithium Battery New Energy Building will be primarily used for office, R&D and production purposes. During the Track Record Period and up to the Latest Practicable Date, we have obtained all required approval and construction certificates for such construction-in-progress project at the current stage.

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As of the Latest Practicable Date, we had self-constructed container shed areas in our leased property in Shenzhen. Such container shed areas are primarily used for meetings, R&D and general office purposes. We are unable to complete the relevant temporary construction filing and approval procedures for such container shed areas due to the absence of valid land ownership certificates. Our purchase amount and relevant construction costs for such container sheds are approximately RMB0.9 million. As advised by our PRC Legal Advisor, unauthorized temporary construction may be ordered to be demolished within a specified time limit by the competent department and may be subject to a fine of up to one time the construction cost. Considering the following factors: (i) the aforesaid container shed areas are not involved in our core R&D activities or production. Even if such temporary structures were required to be demolished, we can secure lawful alternative premises in a timely manner, and relocation would not have any material adverse impact on our business operations. If the competent government authorities require demolition, we will comply with such requirements within the prescribed timeframe; (ii) during the Track Record Period and up to the Latest Practicable Date, our Group had not been subject to any litigation, disputes or penalties by the competent authorities in relation to such temporary structures; and (iii) Mr. Zheng confirmed to bear any costs or losses that may arise to our Group therefrom, our PRC Legal Advisor is of the view that the lack of approval for the relevant temporary structures will not materially and adversely affect our business operations.

Leased properties

As of the Latest Practicable Date, we leased nine properties with an aggregate GFA of approximately 34,820.26 sq.m. in Jiangmen, Liyang and Shenzhen. These leased properties were mainly for production, office and dormitory use and the leases vary in duration from one to 16 years.

We believe our current leased properties are sufficient to meet our near-term needs, and additional space can be obtained on commercially reasonable terms to meet our future needs. We do not anticipate undue difficulty in renewing our leases upon their expiration. During the Track Record Period and up to the Latest Practicable Date, we did not experience any difficulty in renewing the leases for our leased properties. Our Directors confirm that none of the properties stated above are individually material to our Group in terms of rental expenses.

As of the Latest Practicable Date, the lessors of four of our leased properties in Shenzhen and one leased property in Jiangmen had not provided us relevant real estate ownership certificates or documents. As advised by our PRC Legal Advisor, we may face the risk of being unable to continue occupying and using such leased properties. During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any litigation, disputes or administrative penalties in connection with such leased properties in accordance with the relevant laws and regulations in PRC. Considering the following factors: (i) during the Track Record Period and up to the Latest Practicable Date, our Group has not been subject to any litigation, disputes or penalties by the competent authorities in relation to the leased properties, and the title defects of such properties have not affected our actual use of the properties; (ii) our Group has not received any claims from the lessors or any third parties regarding the ownership of the leased properties, and such properties are primarily used for office and R&D purposes, which are relatively easy to relocate and highly substitutable. Even if the leased properties could no longer be used due to such title defects, we would be able to secure alternative properties and relocation would not have any material adverse impact on our production and operations; (iii) the local government, being the property owner of our leased property in Jiangmen, has issued written confirmation acknowledging that they have leased this property to our lessor and are aware that

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the lessor has subleased such property to us; (iv) the lessors of our three leased properties in Shenzhen have confirmed that, apart from the liabilities stipulated under the lease agreements, they undertake to assume responsibility for any ownership issues, title disputes or other causes that may prevent us from using the leased properties or cause us to suffer any losses; and (v) Mr. Zheng confirmed to bear any costs or losses that may arise to our Group therefrom, our PRC Legal Advisor is of the view that the failure of the lessors of the relevant leased properties to provide relevant real estate ownership certificates or documents will not materially and adversely affect our business operations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

As a company engaged in the lithium battery recycling and material recovery, our core business model is inherently aligned with circular economy principles and resource efficiency. We recognize that long-term and sustainable growth depends not only on operational excellence, but also on strong governance, environmental stewardship and responsible stakeholder engagement. Accordingly, ESG considerations are systematically embedded into our corporate strategy, enterprise risk management framework and key decision-making processes.

ESG governance

Board-level oversight

The Board bears ultimate responsibility for the Group’s ESG strategy and performance. In line with the requirements of the Hong Kong Stock Exchange, the Board oversees the identification and management of material ESG-related risks and opportunities and ensures that appropriate ESG risk management and internal control systems are established and functioning effectively.

The Board reviews and approves the Group’s ESG strategy, key priorities and annual objectives, and monitors progress against relevant performance indicators. It also reviews and approves ESG disclosures, including the ESG report, and assesses whether adequate resources have been allocated to support ESG initiatives.

The Board conducts at least an annual review of the effectiveness of the ESG governance framework. Given the nature of our operations, particular focus is placed on environmental compliance, hazardous waste management, occupational health and safety, supply chain integrity and climate-related regulatory and transition risks. ESG-related performance indicators are incorporated into senior management’s performance evaluation to enhance accountability.

Management-level oversight

Senior management is responsible for implementing the ESG strategy approved by the Board and integrating ESG considerations into business planning, budgeting and operational management.

Management regularly reviews ESG performance, monitors compliance with environmental permits and safety regulations, and evaluates emerging ESG risks and regulatory developments. Significant ESG matters are reported to the Board in a timely manner. Management also ensures that sufficient financial and human resources are allocated to environmental protection, safety management and ESG data management.

BUSINESS

Operational implementation

At the operational level, a cross-functional ESG working group supports the implementation of ESG initiatives across the organization. The working group coordinates ESG data collection, facilitates risk assessments, oversees environmental and safety control measures and monitors supplier ESG compliance.

Through regular internal reviews, the Group assesses compliance with relevant policies and regulatory requirements and implements corrective actions where necessary to strengthen its ESG management practices.

Potential climate risks and opportunities to our business operations

Climate-related physical risks

Our manufacturing facilities and office premises are exposed to climate-related physical risks, including acute risks such as typhoons, extreme rainfall, and other severe weather events, as well as chronic risks such as rising temperatures and prolonged periods of extreme heat. Certain of our facilities are located in regions that may be vulnerable to such climate-related hazards.

The occurrence of extreme weather events or sustained increases in temperature could disrupt our operations, damage production facilities or equipment, interrupt utilities supply (including electricity), and affect transportation and logistics. Such events may also result in temporary suspension of operations or reduced production efficiency. Any material disruption to our production processes could impair our ability to process used batteries and production scraps in a timely manner and fulfill contractual obligations with customers. In addition, we may incur increased costs relating to facility repairs, reinforcement measures, equipment replacement, insurance premiums or other preventive actions.

Climate-related transition risks

China’s evolving climate, environmental and industrial policies may give rise to transition risks for our business. The introduction of more stringent emissions standards, potential expansion or stricter implementation of the national Emissions Trading Scheme, and other carbon-related regulatory measures may increase our compliance and operational costs. Such developments could require us to upgrade or modify our existing recycling technologies and infrastructure.

If we are unable to adapt to regulatory changes in a timely and cost-effective manner, our operational efficiency and competitiveness may be adversely affected. We therefore continuously monitor policy developments and seek to align our technology roadmap and operational practices with national decarbonization and industrial priorities.

Climate-related opportunities

The transition to a low-carbon economy may also present growth opportunities. As China accelerates EV adoption and advances circular economy policies, demand for battery recycling and critical mineral recovery is expected to increase.

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Our operations contribute to resource efficiency and domestic supply chain resilience by returning recycled critical minerals to the market. By leveraging government-supported traceability systems and green finance initiatives, we aim to enhance our operational capabilities and expand capacity in a manner aligned with China’s low-carbon transition objectives.

Other ESG-related risks and mitigation measures

In addition to climate-related risks, our operations may be subject to other ESG-related risks associated with the nature of the lithium battery recycling industry.

Environmental compliance and hazardous materials management risk

Our operations involve the dismantling and processing of production scraps and used batteries, which requires the storage, transfer and disposal of hazardous waste in accordance with stringent environmental laws and regulatory requirements. We are subject to stringent environmental laws and regulatory requirements relating to hazardous waste storage, transfer and disposal, as well as wastewater and exhaust gas emissions.

Any failure to comply with applicable environmental regulations or permit conditions could result in administrative penalties, operational restrictions or reputational impact.

To mitigate such risks, we operate under certified environmental management systems and implement structured procedures for hazardous waste classification, storage and transfer. Hazardous waste is stored in designated facilities and transferred only to licensed third-party contractors. We conduct regular environmental monitoring in accordance with pollutant discharge permit requirements and maintain internal review mechanisms to support ongoing compliance.

Occupational health and safety risk

Our operations, particularly during project construction, equipment installation and maintenance, involve activities with inherent risks, including working at heights and hot work. In addition, our production processes require the handling of chemicals and materials that may pose occupational health risks if not properly managed.

Workplace accidents or occupational health incidents could result in operational disruptions, regulatory investigations or increased compliance costs.

To address these risks, we have established health and safety management systems certified under ISO 45001 and implemented structured safety procedures, including a permit-to-work system for high-risk activities. We systematically identify occupational hazards associated with each role and communicate relevant risks and protective measures to employees. Regular safety training, emergency drills, chemical inventory controls and occupational health examinations are conducted to promote a safe working environment.

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Supply chain and regulatory policy risk

Our business relies on stable upstream supply of raw materials (including production scraps and used batteries) and downstream demand for recycled materials. The global lithium battery recycling industry is subject to evolving regulatory requirements, including policies relating to battery traceability, environmental compliance and industry access standards.

Changes in regulatory policies or non-compliance by counterparties could affect supply stability, increase compliance costs or impact our business operations.

To mitigate these risks, we closely monitor policy developments and align our operational practices with applicable regulatory requirements. We conduct qualification assessments of key suppliers and implement procedures to ensure compliance with relevant environmental and legal standards. We also maintain communication with customers and industry participants to enhance coordination and supply chain transparency.

Environment

We strictly comply with all applicable environmental laws and regulations in the jurisdictions where we operate. As a company engaged in the lithium battery recycling and material recovery, environmental management is central to our business model and risk management framework. We have established environmental management systems to ensure that our operations are conducted in a compliant and responsible manner. Our management systems are certified to internationally recognized standards, including ISO 14001 Environmental Management Systems and ISO 50001 Energy Management Systems.

We recognize that our operations, particularly battery dismantling, resource extraction and production activities, may pose environmental risks if not properly managed. Accordingly, we adopt a management approach that emphasizes source reduction, process control and end-of-pipe treatment. We will continuously assess the environmental impact of our operations and refine our management measures in response to technological developments and regulatory requirements.

Metrics and targets

We have established a systematic process to monitor and manage our environmental footprint. Environmental data, including energy consumption, water usage, waste generation and emissions, are collected and reviewed on a regular basis by relevant departments and reported to management.

The Group has set annual environmental management objectives and incorporated key environmental compliance indicators into its core management metrics. In particular, hazardous waste compliant disposal rate, wastewater discharge compliance rate and exhaust gas emission compliance rate are monitored as priority performance indicators. Our Jiangmen Base maintains valid contracts with qualified third-party vendors for the disposal of hazardous and solid waste. These partners possess all necessary environmental certifications and processing licenses. The Group is committed to maintaining a 100% compliant disposal rate for hazardous waste and ensuring that wastewater and exhaust gas emissions consistently meet applicable national and local regulatory standards. We also aim to prevent the occurrence of any material environmental violations.

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Hazardous waste is subject to strict classification, storage and transfer procedures, with disposal carried out exclusively through qualified and licensed third-party contractors. Chemical substances are managed through a controlled inventory system to ensure compliance with regulatory requirements.

Our facilities are equipped with wastewater and exhaust gas treatment infrastructure. We conduct regular environmental monitoring in accordance with the requirements of our pollutant discharge permits to ensure continuous compliance.

Building on this operational foundation, we are in the process of further formalizing measurable and time-bound environmental targets, including improving metal recovery efficiency, reducing energy intensity and enhancing water recycling rates, in alignment with our long-term strategy of advancing circular economy principles.

Waste

Our operations generate both hazardous and non-hazardous waste. Hazardous waste primarily includes waste oil, waste laboratory consumables and contaminated protective equipment. In accordance with our internal hazardous waste management procedures, such waste is stored in designated facilities equipped with appropriate protective measures and recorded in an electronic tracking system to ensure traceability.

Hazardous waste is transferred only to licensed and qualified third-party treatment providers in compliance with applicable regulations. Internal reviews and periodic inspections are conducted to prevent improper storage or disposal.

Non-hazardous waste, such as domestic and office waste, is collected and managed through local sanitation authorities or appropriate service providers.

As a company whose core activity is battery recycling and material recovery, we contribute to the circularity of critical battery materials, including lithium, cobalt and nickel. By enabling material recovery and reuse, we reduce reliance on primary mining and support the reduction of full lifecycle carbon emissions across the lithium batteries.

Waste generation figures for the years ended December 31, 2023 and 2024 are unavailable as previous operations primarily involved the dismantling and crushing of production scraps. Data collection has been expanded starting in 2025 to account for the Jiangmen Base. We are refining our reporting framework to include more robust comparative data in future disclosures.

	Year ended December 31, 2025
Waste generated	
Hazardous waste (tons)	2,955.7
Hazardous waste intensity (tons/employee)	8.54
Non-hazardous waste (tons) <i>(Includes general office waste, plastics, papers, metals, and food waste)</i>	38.0
Non-hazardous waste intensity (tons/employee)	0.11

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Energy consumption

We monitor our energy consumption on a monthly basis as part of our energy management system. Energy usage primarily consists of purchased electricity, steam used in production processes and, where applicable, electricity generated from on-site renewable sources.

In support of China’s dual carbon goals, we have implemented renewable energy initiatives to reduce our operational carbon footprint. A rooftop solar photovoltaic system has been installed at our production facility, and the electricity generated is used directly in our operations, thereby reducing reliance on grid electricity and lowering indirect greenhouse gas emissions.

During the equipment selection process, we prioritize the procurement of motors that meet or exceed National Grade 2 energy efficiency standards, reducing baseline electricity consumption. On-site, we maximize resource efficiency by monitoring production in real-time to ensure optimal hourly throughput, which lowers the energy intensity per unit of product. Furthermore, our internal logistics have been transitioned to prioritize the use of electric forklifts, reducing reliance on fossil fuels.

We also promote energy efficiency in daily operations through operational controls and awareness initiatives, including optimized temperature settings for air conditioning systems and internal reminders to encourage energy-saving practices.

The following table sets forth the amount of energy consumption during the Track Record Period:

Energy consumption	Year ended December 31,		
	2023	2024	2025
Petrol (MWh)	221.6	225.3	283.7
Diesel (MWh)	55.1	123.5	123.5
Purchased electricity (MWh)	431.7	2,991.6	6,952.1
Electricity generated from solar panel and consumed during operation (MWh)	25.4	92.7	1,502.3
Steam (MWh)	–	232.2	–
Total energy consumption (MWh)	733.8	3,665.3	8,861.6
Energy consumption intensity (MWh/employee)	2.04	11.90	25.6

Note:

Steam consumption was recorded in 2024 primarily during the commissioning of production lines and steam pipeline systems at our production base. Following process optimization and technological modifications implemented in 2025, our production process has substantially reduced reliance on externally supplied steam. Heating requirements are now largely achieved through self-sustaining exothermic reactions generated during the smelting process. As such, steam usage is not expected to constitute a significant ongoing energy source under the current production configuration.

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Greenhouse gas emissions

Our greenhouse gas (“**GHG**”) emissions are calculated in accordance with the principles of the Greenhouse Gas Protocol.

- Scope 1 emissions primarily arise from company-owned vehicles.
- Scope 2 emissions primarily arise from purchased electricity and steam consumed in operations.

The following table sets forth the amount of greenhouse gas emissions during the Track Record Period. Data for the years ended December 31, 2023 and 2024 is limited, as previous operations primarily involved production scraps dismantling and crushing lines during those years. With the Jiangmen Base becoming operational in 2025, we have expanded our data tracking to ensure full transparency and will provide year-on-year comparisons in all upcoming ESG reports.

GHG emissions	Year ended December 31,		
	2023	2024	2025
Scope 1 (tCO ₂ e)	81.4	101.43	118.90
Scope 2 (tCO ₂ e)	231.7	1,697.23	3,730.50
Total GHG emissions (tCO ₂ e)	313.1	1,798.66	3,849.40
GHG emissions intensity (tCO ₂ e/employee)	0.87	5.84	11.13

At present, the Group has not commenced the comprehensive accounting and disclosure of Scope 3 (other indirect) greenhouse gas emissions. Due to the characteristics of the lithium batteries recycling and material recovery industry in which we operate, our value chain involves numerous upstream and downstream partners, making the collection and verification of supply chain carbon data complex and challenging.

The Group recognizes the importance of Scope 3 emissions in assessing our overall climate impact. We are gradually establishing a data collection system to collect and manage relevant supply chain data and will initiate the accounting and disclosure of Scope 3 emissions when sufficient data and methodologies are in place, in line with industry best practices and regulatory developments.

Water

We monitor our water usage monthly. Our water management strategy focuses on the transition toward a circular water economy. At our Jiangsu facility, industrial water use is primarily dedicated to equipment cooling and environmental protection systems. We have implemented a closed-loop system that enables the continuous recycling and reuse of production water. Freshwater withdrawal is strictly limited to replenishing volumes lost through natural evaporation. To further minimize our environmental footprint, cooling water from our environmental facilities undergoes pressure filtration for reintegration into the production process. This dual-purpose approach simultaneously reduces wastewater discharge and ensures the sustainable management of local water resources.

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The following table sets forth the amount of water consumption during the Track Record Period. Data for the years ended December 31, 2023 and 2024 is limited, as operations primarily involved production scraps dismantling and crushing lines during those years. With the Jiangmen Base becoming operational in 2025, we have expanded our data tracking to ensure full transparency and will provide year-on-year comparisons in all upcoming ESG reports.

Water consumption	Year ended December 31,		
	2023	2024	2025
Water consumed (tons)	550	2,690	15,061
Water consumption intensity (tons/employee)	1.6	7.8	43.5
Water recycled (tons)	—	—	8,984

Our facilities are equipped with the necessary wastewater and exhaust gas treatment equipment. We conduct regular environmental monitoring in accordance with our permit requirements to ensure our discharges remain within prescribed limits.

Employment and labor practices

The Group has established internal policies to govern our employment practices. These include a Recruitment Management Specification to ensure fair and transparent hiring, a Compensation Model to guide fair remuneration, a Transfer Management Specification for internal mobility, and a Resignation Management Specification to ensure orderly and respectful departures. Our recruitment and management practices are designed to provide equal opportunities to all employees and job applicants, prohibiting discrimination based on protected characteristics.

Competitive and supportive benefits package is provided to our employees. This includes mandatory social insurance and housing fund contributions for all employees (the “**five social insurances and one housing fund**”). For our frontline production staff and employees who frequently travel on business, we provide supplementary commercial insurance. Additionally, all employees enjoy statutory holidays, birthday and holiday gifts, and departmental team-building activity budgets. During the Track Record Period, we confirm there have been no significant labor disputes or violations of employment-related laws and regulations, and we have no incidents related to child or forced labor.

Health and safety

The health and safety of our workforce is a top priority. We have established health and safety rules and procedures that are communicated to all employees through training and reinforced through on-site management by supervisors. Our occupational health and safety system is also certified with ISO 45001.

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In accordance with the requirements of the Law of the People’s Republic of China on the Prevention and Control of Occupational Diseases, we systematically identify health risks associated with each role and formulate appropriate mitigation measures. Our Occupational Disease Hazard Notification Form, which serves as an appendix to the employment contract, ensures that every affected employee is fully informed of the specific risks of their position, the protective measures available, and their corresponding rights and responsibilities. Employees are required to adhere to established safety protocols, properly use protective equipment, and participate in mandatory health surveillance programs.

Our operations, particularly in project construction, equipment installation, and maintenance, involve activities with inherent risks, such as working at heights and hot work (e.g., welding). To mitigate these risks, we have implemented a permit-to-work system. Before any high-risk task begins, a work permit is issued only after a thorough on-site safety check by the responsible personnel and a dedicated safety officer, who then supervises the work on-site until completion. We also maintain strict control over chemicals and hazardous substances used in our processes. This includes maintaining detailed inventory records and complying with regulatory requirements for controlled substances, such as reporting precursor chemicals and explosives on public security platforms.

To ensure the safety of our personnel and the surrounding ecosystem, the Group maintains stringent controls over hazardous substances. All chemical procurement, storage, and usage are conducted through a transparent approval process in strict accordance with Public Security Bureau (PSB) regulations, ensuring 100% legal compliance and traceability. Additionally, we conduct regular monitoring of noise, dust, and other potential environmental impacts. These assessments are performed in alignment with our Discharge Permit and occupational health requirements, ensuring that all operational outputs remain well within national statutory limits.

Regular safety training sessions and emergency drills were conducted for all employees. We also ensure that necessary personal protective equipment is available, regularly inspected, and used correctly. Furthermore, we provide regular occupational health check-ups for our employees to monitor their well-being.

Talent acquisition, development and training

As our business continues to grow sustainably, we recognize that relying solely on external hiring will not meet our talent needs. In response, we have made internal talent development a strategic priority and launched our comprehensive “Eagle Talent Project” to systematically cultivate our workforce.

The project consists of targeted programs for employees at different career stages. For graduates, we offer a structured induction program combining classroom training, departmental rotations across production, quality, R&D, and dedicated mentorship, with clear performance standards for successful completion. For existing employees transitioning from individual contributors to team leaders, we provide management training focused on team leadership, communication, and performance management. For our senior managers and future leaders, we have established development programs that include executive mentorship, rotational assignments, and individual development plans. Our goal is to create a sustainable pipeline of capable talent at every level, ensuring we have the people we need to support our company’s growth.

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During the Track Record Period, the composition of our Group’s workforce by category was as follows:

Employment	Year ended December 31,		
	2023	2024	2025
Total number of employees	359	308	346
By gender	2023	2024	2025
Male	250	213	254
Female	109	95	92
By age	2023	2024	2025
18–30	121	99	124
31–40	150	148	161
41–49	54	43	46
50 or above	34	18	15

Supply chain management

The Group actively integrates ESG criteria into its supplier management system to ensure a sustainable supply chain. During the supplier selection and engagement process, we conduct due diligence to assess potential partners’ compliance with applicable laws and regulations. Specifically, we evaluate suppliers’ environmental performance by verifying their possession of necessary permits and their commitment to using environmentally friendly materials and processes, with a particular focus on the proper handling of hazardous waste given the nature of our industry. Furthermore, we assess their labor practices to ensure the provision of safe working conditions, fair treatment of employees, and the strict prohibition of child or forced labor. We communicate our ESG expectations through our procurement agreements and regular business communications, requiring suppliers to uphold high standards of business ethics and integrity. We also conduct periodic reviews and, where necessary, site visits to monitor their ongoing compliance and performance against these standards.

Product responsibility

The Group’s quality management system is certified with ISO 9001. The quality control team works closely with R&D to test and evaluate new products and technologies against relevant quality standards and customer specifications. Throughout production, we strictly adhere to customer quality requirements and applicable industry standards. Daily quality inspections are conducted at key control points to ensure products meet our internal standards at every stage. During the Track Record Period, we have not received any government penalties, product recalls, or other sanctions related to major product quality issues.

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Anti-corruption

The Group is committed to maintaining the highest standards of integrity and ethical conduct in all our business dealings. This commitment is formalized through our Employee Integrity Agreement and Code of Business Conduct and Ethics, both of which all employees are required to sign. The Agreement explicitly prohibits bribery, the acceptance of kickbacks or undue advantages from business partners, misappropriation of company assets, conflict of interest, and the disclosure of confidential information. To ensure accountability and transparency, we have established a direct whistleblowing channel which reports directly to the Chairman of the Board.

To strengthen governance oversight and ensure accountability, the Group has established a whistleblowing mechanism that reports directly to the Chairman of the Board. A dedicated reporting email address has been published on our official website, enabling employees and external stakeholders to raise concerns regarding suspected misconduct. All reports are handled in a timely, independent and impartial manner, and the identity and information of whistleblowers are treated with strict confidentiality to protect them from retaliation.

Violations of our anti-corruption policies result in serious consequences, including termination of employment, forfeiture of bonuses, and where appropriate, referral to legal authorities.

During the Track Record Period, we confirm that there have been no significant incidents of corruption, fraud, or unethical behavior that have materially impacted our operations or financial performance.

LEGAL PROCEEDINGS

As of the Latest Practicable Date, there were no litigations or arbitration proceedings or administrative proceedings pending or threatened against us or any of our Directors which would individually or in the aggregate, had a material adverse effect on our business, financial condition and results of operations.

COMPLIANCE WITH LAWS AND REGULATIONS

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. During the Track Record Period and up to the Latest Practicable Date, we had complied in all material respects with the applicable laws and regulations relating to our business operations.

LICENSES, PERMITS AND CERTIFICATES

As advised by our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, we had obtained all requisite material licenses, permits and approvals from relevant authorities for our operations in all material respects. We are required to renew some of such licenses, permits and approvals from time to time, and we currently do not expect any material difficulties in or legal impediment to such renewals.

BUSINESS

The following table sets forth a list of material licenses, permits and approvals held by us as of the Latest Practicable Date:

License/permit	Holder	Granting date	Expiry date
List of Enterprises Complying with the Industry Specifications for Comprehensive Utilization of New Energy Vehicle Waste Power Batteries (符合《新能源汽車廢舊動力蓄電池綜合利用行業規範條件》企業名單)	Our Company	December 7, 2022	–
Fixed Pollution Source Discharge Registration Receipt (固定污染源排污登記回執)	Our Company	March 3, 2023	March 2, 2028
Registration Certificate for Renewable Resources Recycling Operation (再生資源回收經營備案登記證明)	Our Company	June 17, 2024	–
Pollutant Discharge Permit (排污許可證)	Jiangmen Jiecheng	September 27, 2024	September 26, 2029
Safety Production License (Hazardous Chemicals) (安全生產許可證) ⁽¹⁾	Jiangmen Jiecheng	March 6, 2026	March 6, 2029
Hazardous Chemicals Registration Certificate (危險化學品登記證)	Jiangmen Jiecheng	December 25, 2025	December 24, 2028
Registration Certificate for Renewable Resources Recycling Operation (再生資源回收經營備案證明)	Jiangmen Jiecheng	April 25, 2025	–
Fixed Pollution Source Discharge Registration Receipt (固定污染源排污登記回執)	Jiangsu Jiecheng	July 20, 2023	July 19, 2028
Pollutant Discharge Permit (排污許可證)	Jiangsu Jiecheng	July 22, 2024	July 21, 2029
Registration Certificate for Renewable Resources Recycling Operation (再生資源回收經營備案登記證明)	Jiangsu Jiecheng	June 14, 2024	–

Note:

- (1) On September 29, 2024, Jiangmen Jiecheng secured the Filing Receipt for the Trial Production (Utilization) Plan of Hazardous Chemicals Construction Project granted by Jiangmen Emergency Management Bureau, with a validity period ending on September 28, 2025.

BUSINESS

RISK MANAGEMENT AND INTERNAL CONTROL

We are dedicated to the establishment and maintenance of a robust risk management and internal control system. We have adopted and will continually improve our internal control mechanisms to ensure compliance of our business operations. Furthermore, we conduct periodic reviews of the implementation of our risk management policies and internal control measures to ensure their effectiveness and sufficiency. We have been committed to promoting a compliance culture and will adopt policies and procedures on various compliance matters, including corporate governance and environmental, social and governance matters. Our Board will be collectively responsible for the establishment and operations of mechanisms in relation to corporate governance and environmental, social and governance. Our Directors are involved in the formulation of such mechanisms and the related policies. We have adopted and implemented risk management policies in various aspects of our business operations to address various potential risks in relation to operations, compliance, intellectual property, and investment.

Business operational risk management

Business operational risk refers to the risk of direct or indirect financial loss resulting from incomplete or problematic internal processes, personnel mistakes, IT system failures or external events. We have established a series of internal procedures to manage such risk. We take a comprehensive approach with regard to operational risk management and implement a mechanism with detailed and decentralized responsibilities, clear rewards and punishment systems. Our business operations, finance, digitalization development, and human resources departments are collectively responsible in ensuring that the compliance of our business operations conform with internal procedures. On the occurrence of a major adverse event, the matter will be escalated to our senior management and the Board of Directors may need to take appropriate measures. Through effective business operational risk management, we expect to control operational risks within a reasonable range by identifying, measuring, monitoring and containing operational risks to reduce potential losses.

Anti-corruption risk management

Anti-corruption risk refers to the risk of use of fraud, bribery or other illegal measures for (i) the pursuit of improper personal benefits at the expense of our Group’s economic interests and (ii) the pursuit of improper interests of our Group. We have established our anti-corruption risk management policies prohibiting any corruption activities by the employees, either for the pursuit of improper personal benefits or improper interests of the Company. Our internal audit department is directly responsible for the anti-corruption risk management. We have maintained a whistle-blower mechanism encouraging the internal report of suspicious activities. We have zero-tolerance of corruption and do not accept employment or promotion of persons responsible for corruption incidents. We conduct routine internal training.

Intellectual property risk management

See “— Intellectual property” in this section for further details.

BUSINESS

Audit Committee and board oversight

To monitor the ongoing implementation of our risk management policies, we have established an Audit Committee to review and supervise our financial reporting process and internal control system on an ongoing basis to ensure that our internal control system is effective in identifying, managing and mitigating risks involved in our business operations. See “Directors and senior management — Our Board of Directors”.

Our internal audit department is responsible for reviewing the effectiveness of internal controls and reporting issues identified and improving our internal control system and procedures by identifying internal control failures and weaknesses on an ongoing basis. The internal audit department reports any major issues identified to the Audit Committee and Board of Directors on a timely basis.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, our Company was owned as to approximately (i) 29.96% by Shenzhen Jiecheng Investment, which was owned as to approximately 90% by Mr. Zheng and 10% by Yang Manna (楊漫娜); (ii) 9.81% by Mr. Zheng; (iii) 19.87% by Shenzhen Jiecheng Enterprise Management, which in turn was 16.5736% owned by Mr. Zheng as its general partner; (iv) 5.24% by Shenzhen Jiecheng Mingchahui, which in turn was 27% owned by Mr. Zheng as its general partner; (v) 5.23% by Shenzhen Jiecheng Zhiyuan, which in turn was 66.8863% owned by Mr. Zheng as its general partner; and (vi) 5.27% by Shenzhen Yongchangxuan, which in turn was 14.2856% owned by Mr. Zheng as its general partner. As Mr. Zheng, Shenzhen Jiecheng Investment, Shenzhen Jiecheng Enterprise Management, Shenzhen Jiecheng Mingchahui, Shenzhen Jiecheng Zhiyuan and Shenzhen Yongchangxuan had collectively controlled the exercise of approximately 75.37% voting rights at the general meetings of the Company, Mr. Zheng, Shenzhen Jiecheng Investment, Shenzhen Jiecheng Enterprise Management, Shenzhen Jiecheng Mingchahui, Shenzhen Jiecheng Zhiyuan and Shenzhen Yongchangxuan are considered to be a group of Controlling Shareholders.

Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Mr. Zheng, Shenzhen Jiecheng Investment, Shenzhen Jiecheng Enterprise Management, Shenzhen Jiecheng Mingchahui, Shenzhen Jiecheng Zhiyuan and Shenzhen Yongchangxuan will collectively hold approximately [REDACTED] of our total issued Shares. Accordingly, Mr. Zheng, Shenzhen Jiecheng Investment, Shenzhen Jiecheng Enterprise Management, Shenzhen Jiecheng Mingchahui, Shenzhen Jiecheng Zhiyuan and Shenzhen Yongchangxuan will remain as our Controlling Shareholder Group immediately after [REDACTED].

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independently of our Controlling Shareholders and their close associates after [REDACTED].

Operational Independence

We are able to make all decisions on, and to carry out, our own business operations independently. Our Group holds the licenses and qualifications necessary to carry out our current business. We have sufficient capital, facilities, technology and employees and our own departments specializing in the respective areas which have been in operation and are expected to continue to operate our business independently from our Controlling Shareholders. We have access to third parties independently from our Controlling Shareholders for sources of suppliers and customers.

Based on the above, our Directors are satisfied that we are able to function and operate independently from our Controlling Shareholders and their close associates.

Management Independence

Our Board comprises four executive Directors, two non-executive Directors and three independent non-executive Directors. Among our Directors, Mr. Zheng is our Controlling Shareholder. Despite so, we believe that our Board as a whole, together with our senior management, is able to perform the

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

managerial role in our Group independently from our Controlling Shareholders for the following considerations:

- (i) each of our Directors is aware of his/her fiduciary duties as a Director which require, among others, that he/she acts for the benefit of and in the best interests of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interests;
- (ii) our daily management and operation decisions are made by all our executive Directors and senior management, all of whom have substantial experience in the industry in which we are engaged and will be able to make business decisions that are in the best interest of our Group. See “Directors and Senior Management” in this document for details of the industry experience of our senior management;
- (iii) we have appointed three independent non-executive Directors with a view to bringing independent judgment to the decision-making process of our Board;
- (iv) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and a Director and/or his/her close associates, he/she shall abstain from voting and shall not be counted towards the quorum for the voting; and
- (v) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholders, which would support our independent management. See “— Corporate Governance” in this section for details.

Based on the above, our Directors are satisfied that our Board as a whole together with our senior management is able to perform the managerial role in our Group independently.

Financial Independence

We have established our own finance department with a team of financial staff, who are responsible for financial control, accounting, reporting, group credit and internal control functions of our Company, independent from our Controlling Shareholders. We are able to make financial decisions independently and our Controlling Shareholders do not intervene with our financial matters. We have also established an independent audit system, a standardized financial and accounting system and a complete financial management system.

As of the Latest Practicable Date, we had certain borrowings (i) from Industrial Bank Co., Ltd. (Shenzhen Branch), which was guaranteed by our Controlling Shareholder which the lender agreed to release the guarantee provided by our Controlling Shareholder unconditionally upon [REDACTED], and (ii) from Bank of China Co., Ltd. Jiangmen Branch, which the lender agreed to release the guarantee provided by our Controlling Shareholder unconditionally upon the date of filing of our [REDACTED] application.

Save as disclosed above, as of the Latest Practicable Date, none of our Controlling Shareholders or their respective close associates financed our operations during the Track Record Period, and we did not obtain any borrowings, guarantees, pledges or mortgages from our Controlling Shareholders or their respective close associates.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Based on the above, our Directors are of the view that they and our senior management are capable of carrying on our business independently of, and do not place undue reliance on our Controlling Shareholders and their close associates.

INTERESTS OF THE CONTROLLING SHAREHOLDER IN OTHER BUSINESSES

The Controlling Shareholders confirm that as of the Latest Practicable Date, they did not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

CORPORATE GOVERNANCE

Our Company will comply with the provisions of the Corporate Governance Code in Appendix C1 to the Listing Rules (the “**Corporate Governance Code**”), which sets out principles of good corporate governance.

Our Directors recognize the importance of good corporate governance in protection of our Shareholders’ interests. We would adopt the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group and the Controlling Shareholders:

- (a) where a Shareholders’ meeting is to be held for considering proposed transactions in which the Controlling Shareholders or any of their respective associates has a material interest, the Controlling Shareholders will not vote on the resolutions and shall not be counted in the quorum in the voting;
- (b) our Company has established internal control mechanisms to identify connected transactions. Upon [REDACTED], if our Company enters into connected transactions with a Controlling Shareholder or any of his/her/its associates, our Company will comply with the applicable Listing Rules;
- (c) the independent non-executive Directors will review, on an annual basis, whether there is any conflict of interests between our Group and the Controlling Shareholders (the “**Annual Review**”) and provide impartial and professional advice to protect the interests of our minority Shareholders;
- (d) the Controlling Shareholders 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 Annual Review;
- (e) our Company will disclose decisions (with basis) on matters reviewed by the independent non-executive Directors either in its annual report or by way of announcements;
- (f) 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 expenses; and

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (g) we have appointed CMBC International Capital Limited as our Compliance Advisor to provide advice and guidance to us in respect of compliance with the Listing Rules, including various requirements relating to corporate governance.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest between our Group and the Controlling Shareholders, and to protect minority Shareholders’ interests after the [REDACTED].

CONNECTED TRANSACTIONS

We set out below our Group’s one-off transaction with certain connected person before the [REDACTED] under Chapter 14A of the Listing Rules.

CONNECTED PERSONS

The following connected persons have entered into an one-off connected transaction with us:

Connected Person	Connected Relationship
Mr. Zheng	As of the Latest Practicable Date, Mr. Zheng is our Controlling Shareholder and our executive Director

ONE-OFF TRANSACTIONS BEFORE [REDACTED]

Lease Agreement between Mr. Zheng and our Company

Background

As of the Latest Practicable Date, Mr. Zheng is our Controlling Shareholder and our executive Director, therefore he is a connected person of our Company under the Listing Rules.

We have entered into a series of lease agreements dated April 1, 2026 (the “**Lease Agreement**”) with Mr. Zheng, which constituted one-off connected transactions of our Company (the leased premise set out below is referred to as the “**Premise**”).

Principal terms

Pursuant to the Lease Agreement, Mr. Zheng agreed to lease a premise to our Company for office and R&D uses for a fixed term commencing from January 1, 2023 to December 31, 2028 (including the actual lease term already in place) at a rental of RMB57,600 per year.

Such rental was determined by Mr. Zheng and our Company through arm’s length negotiation with reference to prevailing market rates for properties of similar size situated in the locality that were used for similar purposes in the PRC. The leased premise is located at Land on Honghualing Road, Lingbei Village, Pingxi Community, Pingdi Subdistrict, Longgang District, Shenzhen, the PRC, with an gross floor area of 600.0 square meters.

Reasons and benefits of the transaction

Our Company leased the Premise throughout the Track Record Period and up to the Latest Practicable Date, and any relocation may cause unnecessary disruption to our business operations and incur unnecessary costs. The Lease Agreement has been entered into in the ordinary and usual course of business of our Company and on normal commercial terms.

CONNECTED TRANSACTIONS

Accounting treatment and Listing Rules implications

In accordance with IFRS 16 applicable to our Group and pursuant to the guidance issued by the Stock Exchange, when an issuer enters into a lease transaction as a lessee and where the lease is subject to an agreement with fixed terms, it is treated as a one-off transaction (i.e., an acquisition of capital assets). As such, each transaction under the Lease Agreement will be recognized as acquisition of right-of-use assets and constitutes a one-off transaction of our Company before the [REDACTED] and will not be classified as continuing connected transactions under Chapter 14A of the Listing Rules. Accordingly, the reporting, annual review, announcement, circular and independent shareholders’ approval requirements with regard to continuing connected transactions in Chapter 14A of the Listing Rules will not be applicable to the Lease Agreement.

The value of right-of-use assets we recognized on our balance sheet arising from leasing the Premise were RMB0.3 million, RMB0.2 million, and RMB0.2 million as of December 31, 2023, 2024 and 2025, respectively.

DIRECTORS AND SENIOR MANAGEMENT

OUR DIRECTORS

Overview

Our Board consists of four executive Directors, two non-executive Directors, and three independent non-executive Directors.

The table below sets forth certain information in respect of our Directors:

Name	Age	Position(s)	Date of first joining our Group	Date of appointment as Director of our Company	Roles and responsibilities	Relationship with other Director(s), and the senior management
Executive Directors						
Mr. Zheng Weipeng (鄭偉鵬)	40	Chairman of our Board, executive Director, and general manager	January 10, 2012	February 24, 2026	Overall strategic planning, overseeing it implementation, representing our Group in external affairs and communication, and major business decision-making matters	N/A
Mr. Zhang Qiuhui (張秋輝)	45	Executive Director and deputy general manager	April 1, 2019	February 24, 2026	Responsible for company management and decision-making	N/A
Mr. Yang Haoyu (楊昊昱)	34	Executive Director and deputy general manager	October 1, 2020	February 24, 2026	Responsible for company management and decision-making	N/A
Ms. Dong Chen (董晨)	40	Executive Director, Board secretary and the joint company secretary	July 18, 2022	February 24, 2026	Responsible for company management and decision-making	N/A
Mr. Jiang Jiang (姜江)	37	Non-executive Director	February 20, 2023	February 24, 2026	Offer professional advice and participate in the decision-making of major company affairs	N/A
Ms. Fu Tingting (傅婷婷)	35	Non-executive Director	December 1, 2022	February 24, 2026	Offer professional advice and participate in the decision-making of major company affairs	N/A
Mr. Chen Shou (陳壽)	61	Independent non-executive Director	February 24, 2026	February 24, 2026	Responsible for supervising and providing independent opinion to our Board	N/A
Ms. Ho Shan (何珊)	37	Independent non-executive Director	February 24, 2026	February 24, 2026	Responsible for supervising and providing independent opinion to our Board	N/A
Ms. Shen Lijun (沈麗君)	33	Independent non-executive Director	February 24, 2026	February 24, 2026	Responsible for supervising and providing independent opinion to our Board	N/A

DIRECTORS AND SENIOR MANAGEMENT

OUR BOARD OF DIRECTORS

Executive Directors

Mr. Zheng Weipeng (鄭偉鵬), aged 40, is our executive Director and chairman of our Board, and our general manager primarily responsible for leading our Company’s strategic planning and major decision-making, presiding over the work of our Board, and leading the senior management team to ensure the effective implementation of our Company’s business objectives and sustainable development strategy. Mr. Zheng is one of our Controlling Shareholders. Mr. Zheng founded our Company in January 2012 and he has been subsequently serving as a director of Jiecheng Limited since January 2012.

Mr. Zheng has over 14 years of experience in the new energy materials and battery recycling industry. Apart from serving as a director and chairman of the board of our Company, he has been serving in several senior management roles in our subsidiaries. Since August 2021, Mr. Zheng has been serving as an executive director of Jiangmen Jiecheng, where his primary responsibilities included business decision-making and operations management. Since October 2022, he has been serving as a director of Jiangsu Jiecheng, where his primary responsibilities included business decision-making and operations management. Since January 2025, he has been serving as a director of Zhejiang Jiecheng, where his primary responsibilities included business decision-making and operations management. Since September 2023, he has been serving as an executive director of Jiecheng HK, where his primary responsibilities included business decision-making and operations management.

Since December 2021, he has served as the representative of the Vice President Unit of the Fourth Guangdong Provincial Circular Economy and Comprehensive Utilization of Resources Association* (第四屆廣東省循環經濟和資源綜合利用協會). Since November 2022, he has been the Vice President of the Shenzhen Battery Industry Association* (深圳市電池行業協會). Since March 2024, he has become the Director of the Young Entrepreneurs Committee of the Longgang District Federation of Industry and Commerce, Shenzhen* (深圳市龍崗區工商聯青年企業家委員會). Since June 2025, he has been appointed as the Part-time Vice Chairman of the Seventh Executive Committee of the Longgang District Federation of Industry and Commerce, Shenzhen* (深圳市龍崗區工商聯第七屆執委會), with a term ending in June 2030. Since July 2025, he has become a Standing Committee Member of the Ninth Executive Committee of the Shenzhen Federation of Industry and Commerce (General Chamber of Commerce)* (深圳市工商聯(總商會)第九屆執委會), with a term ending in July 2030. Since September 2025, Mr. Zheng has been recognized as one of the “Outstanding Builders of Socialism with Chinese Characteristics among the 7th Batch of Non-public Economic Individuals in Guangdong Province” (第七屆廣東省非公有制經濟人士優秀中國特色社會主義事業建設者) by the CPC Guangdong Provincial Committee and Guangdong Provincial People’s Government* (中共廣東省委和廣東省人民政府). Since January 2026, Mr. Zheng has been recognized by the Human Resources and Social Security Administration of Shenzhen Municipality* (深圳市人力資源和社會保障局) as a member of the “Pengcheng Outstanding Engineer Team — Battery Green Recycling Technology R&D Team”* (「鵬城卓越工程師團隊 — 電池綠色回收技術研發團隊」).

Mr. Zheng obtained an associate degree in computer application technology from Guangdong Open University* (廣東開放大學) in the PRC on July 10, 2022. He subsequently obtained his graduate degree through part-time education, with a master’s degree in business administration from Cheung Kong Graduate School of Business* (長江商學院) in the PRC in November 2025.

DIRECTORS AND SENIOR MANAGEMENT

In June 2025, Mr. Zheng earned the Lithium Battery Engineering Assistant Engineer qualification (鋰電池工程助理工程師) from the Human Resources and Social Security Administration of Shenzhen Municipality* (深圳市人力資源和社會保障局).

Mr. Zhang Qiuhui (張秋輝), aged 45, is our executive Director and deputy general manager, primarily responsible for company management and decision-making, and managing the recycling and utilization center and the international business of our Company. Mr. Zhang joined our Group in April 2019. He has been serving as a deputy general manager of our Company since December 2020 and as a Director since February 2023.

Mr. Zhang has over 7 years of experience in the new energy materials and battery recycling industry. Since 2019, Mr. Zhang has been serving as the person in charge of the Renewable Resources Service Department of the Shenzhen Battery Industry Association* (深圳市電池行業協會), an association mainly engaged in industry exchange, coordination, service, and promotion, where his primary responsibilities included leading the specialized work for renewable resource services. Mr. Zhang was appointed by Changzhou University* (常州大學) as a Corporate Supervisor for Professional Master’s Degree students (專業學位碩士研究生企業導師) in the School of Materials Science and Engineering in March 2025, and as an Industry Professor (Undergraduate Program) (產業教授(本科類)) in September 2025.

Mr. Zhang has been serving as a member of senior management of our major subsidiary. Since February 2025, Mr. Zhang has been serving as a general manager of Jiangsu Jiecheng, where his primary responsibilities included business decision-making and operations management.

Since his appointment in January 2015, Mr. Zhang has been serving as a deputy secretary-general by the Shenzhen Jieyang Chamber of Commerce* (深圳市揭陽商會).

Mr. Zhang obtained his associate degree through remote education in computer science from Guangdong Open University* (廣東開放大學) in the PRC in July 2022.

In June 2024, Mr. Zhang earned the Lithium Battery Engineering Technician qualification* (鋰電池工程技術員) from the Human Resources and Social Security Administration of Shenzhen Municipality* (深圳市人力資源和社會保障局).

Mr. Yang Haoyu (楊昊昱), aged 34, is our executive Director and deputy general manager, primarily company management and decision-making, and serving as the head of our Company’s research institute. Mr. Yang joined our Group in October 2020. He has been serving as a deputy general manager of our Company since February 2022 and as a Director since February 2023.

Mr. Yang has over 10 years of experience in the new energy and battery recycling industry. Before joining our Group, from August 2016 to May 2017, Mr. Yang was a new energy project manager at Shenzhen Zhongzhao New Energy Co., Ltd.* (深圳市兆新能源股份有限公司), a company mainly engaged in investments in new energy charging facilities, photovoltaic power generation facilities, and energy storage equipment. From June 2017 to July 2020, he was a deputy general manager at Anhui Hengchuang Ruineng Environmental Protection Technology Group Co., Ltd.* (安徽恒創睿能環保科技集團有限公司) (formerly known as Shenzhen Hengchuang Ruineng Environmental Protection Technology Co., Ltd.* (深圳市恒創睿能環保科技有限公司)), a company mainly engaged in the recycling and cascade utilization of waste power batteries from new energy vehicles and the comprehensive utilization of resources.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Yang has been serving as a member of senior management of our major subsidiary. Since February 2023, Mr. Yang has been serving as an executive director of Jiecheng Recycling, where his primary responsibilities included business decision-making and operations management.

In April 2022, Mr. Yang earned the “Industrial and Information Technology Talent Enhancement Certificate” (工業和信息化人才提升證書) from the Talent Exchange Center of the Ministry of Industry and Information Technology* (工業和信息化部人才交流中心). In January 2026, Mr. Yang was recognized as a member of the “Pengcheng Outstanding Engineer Team — Battery Green Recycling Technology R&D Team” (鵬程卓越工程師團隊—電池綠色回收技術研發團隊) by the Human Resources and Social Security Administration of Shenzhen Municipality* (深圳市人力資源和社會保障局).

Mr. Yang obtained his Bachelor of Science degree in mechanical engineering from the Illinois Institute of Technology in the United States in May 2016.

In May 2023, Mr. Yang earned the Lithium Battery Engineering Assistant Engineer qualification*(鋰電池工程助理工程師) from the Human Resources and Social Security Administration of Shenzhen Municipality* (深圳市人力資源和社會保障局).

Ms. Dong Chen (董晨), aged 40, is our executive Director and the board secretary, primarily responsible for company management and decision-making, and our Company’s corporate financing and debt financing. Ms. Dong joined our Group in July 2022 as an assistant to the chairman and she has been designated as a Director with effect from March 2026.

Ms. Dong has over 15 years of experience in investment, corporate finance, and management. Before joining our Group, from March 2011 to March 2012, she was an assistant investment manager at Foshan Midea Investment Management Co., Ltd.* (佛山市美的投資管理有限公司) in Foshan, a company principally engaged in equity investment. From April 2012 to May 2013, she was a brand manager at Guangdong Mei Long Bao Wine Industry Co., Ltd.* (廣東美隆堡酒業有限公司) in Foshan, a company principally engaged in the production, distribution, and operation of wine, where her primary responsibilities included wine selection, brand promotion, and large-scale event planning. From June 2013 to September 2015, Ms. Dong was the board secretary at Shenzhen Zhonghuanyun Industrial Holdings Co., Ltd.*(Zhonghuanyun Holdings Group Co., Ltd.)* (深圳市中環運實業控股有限公司(中環運控股集團有限公司)) in Shenzhen, a company principally engaged in cross-border e-commerce logistics services, where her primary responsibilities included overseeing the [REDACTED] matter in Australia and supporting negotiations with overseas service providers. From October 2015 to August 2018, she was an investment director at Shenzhen Zhongcai Wodun Fund Management Co., Ltd.* (深圳市中財沃頓基金管理有限公司) in Shenzhen, a company principally engaged in fund and equity investment. From June 2019 to July 2020, Ms. Dong was an investment director at Hainan Yousu Information Technology Co., Ltd.* (海南游速信息科技有限公司) in Shenzhen, a company principally engaged in game development, online cultural operations, and project investment. From August 2020 to October 2021, she was an assistant to the general manager at Huayan Distribution (Shenzhen) Co., Ltd. (華鹽配送(深圳)有限公司) (formerly known as Shenzhen Fengchen Operation Management Co., Ltd. (深圳風辰運營管理有限公司)) in Shenzhen, a company principally engaged in government project cooperation and outward investment, where her primary responsibilities included government project negotiations and the design and execution of investment and merger plans.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Dong obtained her bachelor’s degree in international finance/business accounting management from the John Molson School of Business at Concordia University in Canada in June 2011.

In April 2016, Ms. Dong earned the Fund Qualification (基金從業資格) from the Asset Management Association of China* (中國證券投資基金業協會). In June 2025, she earned the Securities Qualification (證券從業資格) from the Asset Management Association of China* (中國證券投資基金業協會).

Non-Executive Directors

Mr. Jiang Jiang (姜江), aged 37, is our non-executive Director, primarily responsible for offering professional advice and participating in the decision-making of major company affairs. Mr. Jiang joined our Group as a Director since February 2023.

Mr. Jiang has over 11 years of experience in the financial services and investment industry. Since February 20, 2023, he has been serving as a Director of our Company, where his primary responsibilities include attending board meetings and participating in voting on corporate matters.

Prior to joining our Group, Mr. Jiang previously served as investment professional in the M&A Department at Shenzhen Capital Group Co., Ltd.* (深圳市創新投資集團有限公司), a member of the M&A and Fund Investment Committee of the Redwood M&A Fund, and investment director in the investment banking department starting from June 2018. From October 2014 to May 2018, Mr. Jiang served as an investment manager of the financial markets department at Ping An Trust Co., Ltd.* (平安信托有限責任公司).

Mr. Jiang obtained his bachelor’s degree with a major in finance from The Ohio State University, Fisher College of Business in the United States in June 2012. He further obtained his master’s degree with a major in finance from Boston College, Carroll School of Management in the United States in June 2013.

Ms. Fu Tingting (傅婷婷), aged 35, is our non-executive Director, primarily responsible for offering professional advice and participating in the decision-making of major company affairs. Ms. Fu joined our Group in December 2022 as a director of the recycling research institute, and she is the manager of the research and development department, primarily responsible for the development of battery physical rapid discharge, battery crushing and sorting processes and equipment for the recycling and utilization of waste lithium batteries, and the upgrading of production lines, as well as R&D project and team management. Ms. Fu was appointed as a non-executive Director on March 2026.

Ms. Fu has over 8 years of experience in the new energy and battery recycling industry. Before joining our Group, from July 2018 to April 2019, she was an R&D engineer at Anhui Hengchuang Ruineng Environmental Protection Technology Group Co., Ltd.* (安徽恒創睿能環保科技集團有限公司) (formerly known as Shenzhen Hengchuang Ruineng Environmental Protection Technology Co., Ltd.* (深圳市恒創睿能環保科技有限公司)) in Shenzhen, a company mainly engaged in energy technology research and development and environmental protection technology services. From May 2019 to July 2021, Ms. Fu was engaged in research and development at the Low Carbon Energy Lab of the Research Institute of Tsinghua University in Shenzhen* (深圳清華大學研究院) in Shenzhen, an institute mainly engaged in applied scientific research, high-tech achievement transformation, and talent cultivation. From August 2021 to November 2022, she was a technical director at Shenzhen Derixin Technology

DIRECTORS AND SENIOR MANAGEMENT

Co., Ltd.* (深圳市德日新技術有限公司) in Shenzhen, a company mainly engaged in resource regeneration technology research and development, and the development and sales of waste lithium-ion battery discharge technology and equipment, where her primary responsibilities included leading the application development of physical rapid discharge technology and equipment for waste lithium-ion batteries. During her tenure, Ms. Fu participated in the review and formulation of standards and regulations, including the international standard IEC 63648 Guidelines for Discharging of Retired Battery Recycling* (《退役電池回收放電指南》).

In September 2019, Ms. Fu and her team were awarded the “First Prize (Team Group) in the New Energy and Energy Saving & Environmental Protection Industry Final of the 11th China (Shenzhen) Innovation and Entrepreneurship Competition” (第十一屆中國深圳創新創業大賽新能源及節能環保行業決賽團隊組一等獎) jointly issued by the Organizing Committee of China (Shenzhen) Innovation and Entrepreneurship Competition* (中國深圳創新創業大賽組委會) and the Shenzhen Science and Technology Innovation Committee* (深圳市科技創新委員會). In June 2020, she was awarded the “First Prize of the Guangdong Provincial Environmental Protection Science and Technology Award” (廣東省環境保護科學技術獎一等獎) issued by the Guangdong Society of Environmental Sciences* (廣東省環境科學學會). In December 2025, Ms. Fu was recognized as a member of the “Pengcheng Outstanding Engineer Team — Battery Green Recycling Technology R&D Team” (鵬城卓越工程師團隊 — 電池綠色回收技術研發團隊) by the Human Resources and Social Security Administration of Shenzhen Municipality* (深圳市人力資源和社會保障局).

Ms. Fu obtained her master’s degree in chemical and energy engineering from Otto von Guericke University Magdeburg in Germany, in March 2017. She obtained her bachelor’s degree in chemical engineering and technology from South-Central Minzu University* (中南民族大學) in the PRC in June 2014.

In August 2021, Ms. Fu earned the Intermediate Engineer (Chemical Engineering) qualification (廣東省職稱證書-化學工程中級工程師) from the Human Resources and Social Security Administration of Shenzhen Municipality* (深圳市人力資源和社會保障局). In September 2020, she was certified as a certified expert (認證專家) of the Nonferrous Metals Think Tank* (有色金屬智庫) by the Nonferrous Metals Society of China* (中國有色金屬學會).

Independent non-executive Directors

Mr. Chen Shou (陳壽), aged 61, is our independent non-executive Director, primarily responsible for supervising and providing independent opinion to our Board. Mr. Chen was appointed as an independent non-executive Director on March 2026.

Mr. Chen has 13 years of experience in corporate management and the new materials industry. In September 2013, he joined and served as a deputy general manager at Shenzhen Tongchan Group Co., Ltd.* (深圳市通產集團有限公司), a company mainly engaged in packaging product sales, new material R&D, and investment.

DIRECTORS AND SENIOR MANAGEMENT

From May 2015 to December 2024, Mr. Chen has been successively serving as vice chairman and chairman of the board at Shenzhen Leaguer Co., Ltd.* (深圳市力合科創股份有限公司) (stock code: 002243) (previously known as Shenzhen Beauty Star Co., Ltd.* (深圳市通產麗星股份有限公司)), a company listed on the Shenzhen Stock Exchange mainly engaged in technology services and new material packaging business, where his primary responsibilities included overseeing the company’s new material packaging business, setting strategy, managing the team, making decisions, and taking overall responsibility. Since August 2025, Mr. Chen has been serving as an independent director at Shenzhen Yanmade Technology Inc. (深圳市燕麥科技股份有限公司) (stock code: 688312) in Shenzhen, a company mainly engaged in the manufacturing of electronic components and electromechanical equipment. Since November 2010, Mr. Chen has been serving as the president of the Shenzhen New Materials Industry Association* (深圳市新材料行業協會) in Shenzhen, an association mainly engaged in industry self-discipline, research, standard promotion, and member services, where his primary responsibilities include strategically leading and integrating resources to promote the high-quality development of Shenzhen’s new materials industry.

In December 2012, he was awarded the “Shenzhen Municipal Government Special Allowance” (深圳市政府特別津貼) issued by the Shenzhen Municipal Government* (深圳市政府). In December 2017, Mr. Chen was recognized as a “Shenlong Cultural and Creative Industry Talent” (深龍文化創意產業英才) issued by the Cultural Industry Development Office of Longgang District of Shenzhen* (深圳市龍崗區文化產業發展辦公室). In April 2019, Mr. Chen was recognized as a “Shenzhen Local Leading Talent” (深圳地方領軍人才) issued by the Shenzhen Municipal Government* (深圳市政府).

Mr. Chen obtained his bachelor’s degree in applied chemistry from the University of Science and Technology of China* (中國科技大學) in the PRC in July 1985. He obtained his master’s degree in applied chemistry from the University of Science and Technology of China* (中國科技大學) in the PRC in August 1988. He further obtained his master’s degree in EMBA from Shanghai Jiao Tong University* (上海交通大學) in the PRC in July 2005. He obtained his doctorate of business administration degree from Université Nice Sophia Antipolis in France in July 2019, which he pursued on a part-time basis.

Mr. Chen earned the Senior Engineer (Professor Level) qualification (高級工程師(教授級)) from the Department of Human Resources and Social Security of Guangdong Province* (廣東省人力資源和社會保障廳) in the PRC in February 1998.

Ms. Ho Shan (何珊), aged 37, is our independent non-executive Director, primarily responsible for supervising and providing independent opinion to our Board. Ms. Ho was appointed as an independent non-executive Director on March 2026.

Ms. Ho has 17 years of experience in investment and financing brand management, cross-border, e-commerce, and entrepreneurship. From 2018 to 2022, Ms. Ho served as the director and chief financial officer of Onion Global Limited, a company primarily engaged in brand and e-commerce businesses.

Ms. Ho has been appointed as a working group expert of ISO/TC154 of the International Organization for Standardization (國際標準化組織ISO/TC154工作組專家) by the National Technical Committee on Electronic Business of Standardization Administration of China* (全國電子業務標準化技術委員會). She is recognized as a Hong Kong and Macao expert in the Guangzhou Science and Technology Expert Database (廣州市科技專家庫港澳籍專家) by the Guangzhou Municipal Science and Technology Bureau* (廣州市科技局). She is a vice president of the Guangdong E-commerce Association* (廣東省電子商務協會). She is a vice president of the Guangdong-Hong Kong-Macao

DIRECTORS AND SENIOR MANAGEMENT

Greater Bay Area Economic and Cultural Promotion Association* (粵港澳大灣區經濟文化促進會). She is a director of the Guangdong Women Entrepreneurs Association* (廣東省女企業家協會). She is a director of the China Council for the Promotion of International Trade* (中國國際貿易促進委員會理事). She is a council member of the Fourth Council of the Hong Kong Guangzhou Community Association. She is a Hong Kong and Macao representative on the Thirteenth Committee of the Guangzhou Youth Federation* (廣州市青年聯合會第十三屆委員港澳代表). She is a chairman and director of the Guangdong Yangtze River Charity Foundation (廣東省長江公益基金會公益主席及理事). In addition, she is an MBA mentor at the Business School of Guangdong University of Foreign Studies. She is an MBA practice mentor at Jinan University* (暨南大學). She is a mentor at the School of Entrepreneurship and the Sihai Academy of Jinan University* (暨南大學). She is an MBA Mentor of Cheung Kong Graduate School of Business (長江商學院) for the class of 2022 and class of 2023.

Ms. Ho has been recognized as a “Guangdong-Hong Kong-Macao High-Level Talent” (廣東省港澳籍高層次人才). She has been recognized as a “Newly Introduced High-Level Management Talent in Tianhe District” (天河區新引進高端管理人才). She was named one of the “Meritorious Entrepreneurs of Guangdong E-commerce in the Past 20 Years” (廣東電商20年功勛企業家) by the Guangdong E-commerce Association* (廣東省電子商務協會). She was selected as one of the “Top Ten Young Leaders of the Bay Area Business Community” (灣商十大青年領袖) by the Guangdong-Hong Kong-Macao Greater Bay Area Economic and Cultural Promotion Association* (粵港澳大灣區經濟文化促進會). She received the “Pioneer Figure” award at the Southern Weekend Annual Ceremony (南方周末年度盛典先鋒人物獎項) from Southern Weekend* (南方周末). She was featured on the Fortune China “Most Influential Businesswomen Future List” (《財富》中國最具影響力商業女性未來榜). She was honored with the title of “Outstanding Young Entrepreneur of the Guangdong-Hong Kong-Macao Greater Bay Area” (第三屆粵港澳大灣區杰出青年企業家稱號). She was named a “New Business Pioneer”* (新商業先鋒人物) by the Guangdong E-commerce Association* (廣東省網商協會). She received the “China Economic Figure — Outstanding Woman” award* (中國經濟人物—傑出女性) at the 4th Boao Enterprise Forum* (第四屆博鰲企業論壇). She was also recognized as one of the first batch of Guangzhou Science and Technology Expert Database Experts from Hong Kong and Macao by the Guangzhou Municipal Science and Technology Bureau* (廣州市科技局第一批廣州市科技專家庫港澳籍專家).

Ms. Ho is currently pursuing a doctoral degree (DBA) and has obtained an executive master of business administration (EMBA) degree at Cheung Kong Graduate School of Business (長江商學院). She obtained her master’s degree in accounting from Jinan University* (暨南大學) in the PRC in June 25, 2019.

Ms. Ho is a fellow of the Institute of Public Accountants (FIPA) and a Fellow of Finance and Accounting (FFA), granted by the Institute of Public Accountants Group (IPA GROUP).

Ms. Shen Lijun (沈麗君), aged 33, is our independent non-executive Director, primarily responsible for supervising and providing independent opinion to our Board. Ms. Shen was appointed as an independent non-executive Director on March 2026.

Ms. Shen has over 11 years of experience in the legal industry. From January 2015 to January 2017, she served as a legal assistant and trainee lawyer at Guangdong Huaren Law Firm. From January 2017 to March 2020, she served as a practicing attorney at Beijing Weiheng (Shenzhen) Law Firm. Since March 2020, she has been serving as a partner lawyer at Beijing Weiheng (Shenzhen) Law Firm.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Shen obtained her bachelor’s degree in law from University of Electronic Science and Technology of China Zhongshan Institute* (電子科技大學中山學院) in the PRC in June 2015. She is currently pursuing her postgraduate degree in civil and commercial law through part-time education at China University of Political Science and Law* (中國政法大學) in the PRC.

In March 2017, Ms. Shen obtained her Lawyer Practice Certificate (律師執業證) from the Guangdong Provincial Justice Department* (廣東省司法局). In August 2022, she obtained the Professional Talent Training Certificate — Senior Corporate Legal Counsel (專業人才培訓證書-高級企業法律顧問) from the China Management Science Society Training Center* (中國管理科學學會培訓中心). In September 2022, she obtained the Vocational Skills Training Certificate — Senior Corporate Compliance Officer (職業技能培訓證書 — 高級企業合規師) from the Commercial International Exchange and Cooperation Training Center* (商業國際交流合作培訓中心). In November 2022, she was appointed as a mediator of the Shenzhen Qianhai International Commercial Mediation Center (深圳市前海國際商事調解中心調解員) by the Shenzhen Qianhai International Commercial Mediation Center* (深圳市前海國際商事調解中心).

Other Disclosure Pursuant to Rule 13.51(2) of the Listing Rules

Save as disclosed above and in this document, each of our Directors confirms with respect to himself or herself that he or she (1) did not hold other long positions or short positions in the Shares, underlying Shares, debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) as of the Latest Practicable Date; (2) had no other relationship with any Directors, senior management or substantial shareholders of our Company as of the Latest Practicable Date; (3) 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 [REDACTED] on any securities market in Hong Kong and/or overseas; and (4) there are no other matters concerning our Director’s appointment that need to be brought to the attention of our Shareholders and the Stock Exchange or shall be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

DIRECTORS AND SENIOR MANAGEMENT

OUR SENIOR MANAGEMENT

The table below sets forth certain information in respect of the members of senior management of our Company:

Name	Age	Position(s)	Date of first joining our Group	Date of appointment as a senior management of our Company	Roles and responsibilities	Relationship with other Director(s), and the senior management
Zheng Weipeng (鄭偉鵬)	40	General manager	January 10, 2012	February 24, 2026	Responsible for our Company’s overall strategic planning, overseeing its implementation, representing our Company in external affairs and communications, and making major business decisions	N/A
Zhang Qiuhui (張秋輝)	45	Deputy general manager	April 1, 2019	February 24, 2026	Responsible for our Company management and decision-making	N/A
Yang Haoyu (楊昊昱)	34	Deputy general manager	October 1, 2020	February 24, 2026	Responsible for our Company management and decision-making	N/A
Dong Chen (董晨)	40	Board secretary	July 18, 2022	February 24, 2026	Responsible for our Company management and decision-making	N/A
Ge Lingling (葛玲玲)	42	Chief financial officer	January 15, 2026	February 24, 2026	Responsible for our Company’s financial strategy and tactics management	N/A

Mr. Zheng Weipeng (鄭偉鵬), see “— Our Board of Directors — Executive Directors” in this section for details.

Mr. Zhang Qiuhui (張秋輝), see “— Our Board of Directors — Executive Directors” in this section for details.

Mr. Yang Haoyu (楊昊昱), see “— Our Board of Directors — Executive Directors” in this section for details.

Ms. Dong Chen (董晨), see “— Our Board of Directors — Executive Directors” in this section for details.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Ge Lingling (葛玲玲), aged 42, is our chief financial officer, primarily responsible for the Group’s financial management. Ms. Ge joined our Group in January 2026, and has been designated as our chief financial officer with effect from February 2026.

Ms. Ge has 13 years of experience in financial management. Prior to joining our Group, she worked at Vatti Corporation Limited (華帝股份有限公司) (stock code: 002035), an A-share company listed on the Shenzhen Stock Exchange, from December 2008 to May 2011. From April 2013 to February 2017, she worked at Shenzhen A-MAIN Industrial Corporation Limited* (深圳市雅棉居品數據股份有限公司). From September 2017 to July 2018, she worked at Man Wah Holdings Limited* (敏華控股有限公司) (stock code: 01999), a company listed on The Stock Exchange of Hong Kong Limited. From August 2018 to December 2023, she served as the Chief Financial Officer of Shenzhen Lvsheng Digital Energy Technology Co., Ltd.* (深圳市祿晟數字能源科技有限公司). From January 2024 to July 2024, Ms. Ge served as a Deputy Director of Sunwoda Power Technology Co., Ltd.* (欣旺達動力科技股份有限公司) in Shenzhen, a company principally engaged in the new energy power battery business, with her primary responsibilities including the financial management of the power battery group. From August 2024 to July 2025, she served as the Chief Financial Officer of Tangtring Seating Technology Inc. (惠州唐群座椅科技股份有限公司) in Huizhou, a company principally engaged in the new energy vehicle seat comfort system business. From July 2025 to December 2025, Ms. Ge served as a director of Shenzhen Oversea WIN Technology Co., Ltd. (深圳市越洋達科技有限公司) in Shenzhen, a company principally engaged in the new energy connector business, with her primary responsibilities including group financial management.

Ms. Ge obtained her bachelor’s degree in accounting from Southwest Minzu University* (西南民族大學) in the PRC in July 2008.

In December 2009, Ms. Ge earned the Chinese Certified Public Accountant qualification (中國註冊會計師) from the Certified Public Accountants Examination Committee of the Ministry of Finance* (國家財政部註冊會計師考試委員會).

JOINT COMPANY SECRETARIES

Ms. Dong Chen (董晨), see “— Our Board of Directors — Executive Directors” in this section for details.

Mr. Zhang Senquan (張森泉), aged 49, has over 20 years of experience in accounting, auditing and management. He is currently the audit in charge of Nortex (HK) CPA Limited* (諾德(香港)會計師事務所有限公司). Mr. Zhang currently serves as an independent non-executive director of Natural Food International Holding Limited* (五谷磨房食品國際控股有限公司) (stock code: 1837), Strawbear Entertainment Group* (稻草熊娛樂集團) (stock code: 2125), Chenqi Technology Limited* (如祺出行科技有限公司) (stock code: 9680) and Shanghai Bao Pharmaceuticals Co., Ltd.* (上海寶濟藥業股份有限公司) (stock code: 2659), the company secretary of China General Education Group Limited (中國通才教育集團有限公司) (stock code: 2175), the joint company secretary of Zhonggan Communication (Group) Holdings Limited* (中贛通信(集團)控股有限公司) (stock code: 2545) and company secretary of Yunhong Guixin Group Holdings Limited* (運鴻硅鑫集團控股有限公司) (stock code: 8349), all of which are listed on The Stock Exchange of Hong Kong Limited. He also serves as an independent director of Shandong Weigao Blood Purification Products Co., Ltd.* (山東威高血液淨化製品股份有限公司) (stock code: 603014), which is listed on the Shanghai Stock Exchange.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Zhang used to hold positions at other companies listed on the Stock Exchange, including: (i) company secretary of Guanze Medical Information Industry (Holding) Co., Ltd. (stock code: 2427) from September 2021 to December 2025; (ii) independent non-executive director of TYK Medicines, Inc* (浙江同源康醫藥股份有限公司) (stock code: 2410) from January 2024 to September 2025; (iii) independent non-executive director of Jiande International Holdings Limited* (建德國際控股有限公司) (stock code: 865) from October 2016 to December 2024; (iv) independent non-executive director of Sang Hing Holdings (International) Limited* (生興控股(國際)有限公司) (stock code: 1472) from January 2020 to April 2023; (v) managing director of Southwest Securities International Securities Limited* (西證國際證券股份有限公司) from February 2016 to March 2020; (vi) chief financial officer and joint company secretary of Huazhong In-Vehicle Holdings Company Limited* (華眾車載控股有限公司) (stock code: 6830) from May 2014 to July 2015; and (vii) head of strategy development department of Goodbaby International Holdings Limited* (好孩子國際控股有限公司) (stock code: 1086) from March 2013 to April 2014. From October 1999 to October 2012, he worked at Ernst & Young Hua Ming LLP* (安永華明會計師事務所), KPMG Huazhen LLP* (畢馬威華振會計師事務所) and Deloitte Touche Tohmatsu Certified Public Accountants LLP* (德勤華永會計師事務所), during which he held various positions ranging from auditor to audit partner.

Mr. Zhang obtained a bachelor’s degree in economics from Fudan University in July 1999. He has been a member of the Hong Kong Institute of Certified Public Accountants since September 2011, a member of the Chinese Institute of Certified Public Accountants since December 2001 and a member of the American Institute of Certified Public Accountants since September 2015.

BOARD COMMITTEES

Our Board delegates certain responsibilities to various committees. In accordance with the relevant PRC laws and regulations and the Corporate Governance Code, Appendix C1 to the Listing Rules, our Company [has formed] four Board committees, namely the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee, and the Strategy Committee.

Audit Committee

We have established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the Audit Committee are to review the Company’s financial information and its disclosure, oversee and evaluate the internal and external audit and internal controls, and exercise such other functions and powers delegated by the Board. The Audit Committee comprises three members, namely Ms. Ho Shan, Mr. Chen Shou and Ms. Fu Tingting, with Ms. Ho Shan as the chairperson of the Audit Committee and is the director appropriately qualified as required under Rules 3.10(2) and 3.21 of the Listing Rules.

DIRECTORS AND SENIOR MANAGEMENT

Remuneration and Appraisal Committee

We [have established] a Remuneration and Appraisal Committee (the “**Remuneration and Appraisal Committee**”) with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the Remuneration and Appraisal Committee are to formulate standards for appraising Directors and senior management of our Company and conduct assessments; formulate and review the policies for and proposals on the remuneration of Directors and senior management of the Company. The Remuneration and Appraisal Committee comprises three members, namely Mr. Chen Shou, Ms. Shen Lijun and Mr. Yang Haoyu as the members of the Remuneration and Appraisal Committee, with Mr. Chen Shou as the chairperson of the Remuneration and Appraisal Committee.

Nomination Committee

We [have established] a nomination committee (the “**Nomination Committee**”) with written terms of reference in compliance with the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the Nomination Committee are to selecting candidates for Directors and senior management of the Company, and set up criteria and procedures for selection and making recommendations. The Nomination Committee comprises three members, namely Mr. Zheng Weipeng, Mr. Chenshou and Ms. Shen Lijun as the members of the Nomination Committee, with Mr. Zheng Weipeng as the chairperson of the Nomination Committee.

Strategy Committee

We [have established] a strategy committee (the “**Strategy Committee**”) with written terms of reference in compliance with the relevant PRC laws. The primary duties of the Strategy Committee are to research and make recommendations to our Board regarding the long-term development strategy, major investment decisions and environmental, social and governance matters of our Company. The Strategy Committee comprises three members, namely Mr. Zheng Weipeng, Mr. Zhang Qiuhui and Ms. Dongchen as the members of the Strategy Committee, with Mr. Zheng Weipeng as the chairperson of the Strategy Committee.

CONFIRMATION FROM OUR DIRECTORS

Rule 8.10 of the Listing Rules

Each of our Directors confirms that as at the Latest Practicable Date, he or she did not have any interest in a business which competes or is likely to compete, either directly or indirectly, with our Company’s business which would require disclosure under Rule 8.10 of the Listing Rules.

Rule 3.09D of the Listing Rules

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules in May 2026, and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules.

DIRECTORS AND SENIOR MANAGEMENT

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors has confirmed (i) his/her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) he/she has no past or present financial or other interest in the business of our Company or our 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/her independence at the time of his/her appointments.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

We offer our executive Directors, Non-Executive Directors and members of the senior management, who are also our Company’s employees, compensation in the form of salaries, retirement benefit scheme contributions, discretionary bonus, housing allowances and other benefits in kind. Our independent non-executive Directors receive compensation with reference to their respective positions and duties, including being a member or the chairperson of Board committees.

For the years ended December 31, 2023, 2024 and 2025, the aggregate amount of remuneration paid or payable to our Directors amounted to approximately RMB2.56 million, RMB3.51 million and RMB2.93 million, respectively. Under the arrangement currently in force, we estimate the total compensation before taxation to be accrued to our Directors for the years ending December 31, 2026 to be approximately RMB5.34 million. The actual remuneration of Directors in 2026 may be different from the expected remuneration.

The total emoluments for the five highest paid individuals amounted to RMB1.97 million, RMB1.56 million and RMB3.18 million, for the years ended December 31, 2023, 2024 and 2025, respectively.

Save as disclosed above, no other payments have been paid, or are payable, by our Company or any of our subsidiaries to our Directors or the five highest paid individuals during the Track Record Period.

No remuneration was paid to our Directors or the five highest paid individuals as an inducement to join, or upon joining, our Group. No compensation was paid to, or receivable by, our Directors or past directors for the Track Record Period for the loss of office as director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group. None of our Directors waived any emoluments during the same period.

CORPORATE GOVERNANCE

We aim to implement a high standard of corporate governance, which we believe is crucial to safeguard the interests of our Shareholders. To accomplish this, we expect to comply with the Corporate Governance Code set out in Appendix C1 of the Listing Rules after the [REDACTED], save that Mr. Zheng Weipeng will serve as both our chairman and chief executive officer as discussed below.

DIRECTORS AND SENIOR MANAGEMENT

Pursuant to code provision A.2.1 of the Corporate Governance Code, companies listed on the Hong Kong Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. We do not have a separate chairman and chief executive officer and Mr. Zheng Weipeng currently performs these two roles. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within our Group and enables more effective and efficient overall strategic planning for our Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired, and this structure will enable our Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman of the Board and the chief executive officer of our Company if and when it is appropriate taking into account the circumstances of our Group as a whole.

BOARD DIVERSITY POLICY

In order to enhance the effectiveness of our Board and to maintain the high standard of corporate governance, we have adopted the board diversity policy which sets out the objective and approach to achieve and maintain diversity of our Board. Pursuant to the board diversity policy, we seek to achieve Board diversity through the consideration of a number of factors when selecting the candidates to our Board, including but not limited to gender, skills, age, professional experience, knowledge, cultural, education background, ethnicity and length of service. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to our Board.

Our Directors have a balanced mix of knowledge and skills, including overall management, technical expertise and financial acumen in addition to industry experience relevant to our Group’s operations and business. They obtained degrees in various majors including engineering, agriculture, accounting, market economy, chemistry, science, management and secretary. We have three independent non-executive Directors with different industry backgrounds, representing more than one third of the members of our Board. Furthermore, our Board has a diverse age and gender representation. Taking into account our existing business model and specific needs as well as the different background of our Directors, the composition of our Board satisfies our board diversity policy. We will continue to apply the principles of appointments based on merits with reference to our board diversity policy as a whole.

Our Nomination Committee is responsible for reviewing the structure and diversity of the Board and selecting individuals to be nominated as Directors. Upon [REDACTED], our Nomination Committee will monitor and evaluate the implementation of the board diversity policy from time to time to ensure its continued effectiveness, and when necessary, make any revisions that may be required and recommend any such revisions to our Board for consideration and approval. The Nomination Committee will also include in annual reports a summary of the board diversity policy, including any measurable objectives set for implementing the board diversity policy and the progress on achieving these objectives.

DIRECTORS AND SENIOR MANAGEMENT

COMPLIANCE ADVISOR

We have appointed CMBC International Capital Limited as our Compliance Advisor pursuant to Rule 3A.19 of the Listing Rules. The Compliance Advisor will provide us with guidance and advice as to compliance with the Listing Rules and other applicable laws, rules, codes and guidelines. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Adviser will advise our Company in certain circumstances including:

- 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 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 to our Company regarding unusual movements in the price or [REDACTED] volume of its [REDACTED] securities or any other matters in accordance with Rule 13.10 of the Listing Rules.

The Compliance Advisor will, on a timely basis, inform our Company of any amendment or supplement to the Listing Rules that are announced by the Stock Exchange. The Compliance Advisor will also inform our Company of any new or amended law, regulation or code in Hong Kong applicable to us, and advise us on the continuing requirements under the Listing Rules and applicable laws and regulations.

The term of the appointment will commence on the [REDACTED] and is expected to end on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [REDACTED].

SHARE CAPITAL

This section presents certain information regarding our share capital prior to and following the completion of the [REDACTED].

BEFORE THE [REDACTED]

As of the Latest Practicable Date, the registered share capital of our Company was RMB44,673,129, comprising 44,673,129 [REDACTED] Shares with a nominal value of RMB1.0 each. Upon [REDACTED], the ordinary shares of the Company will be split on a one for [REDACTED] basis, and the aforementioned registered share capital of the Company of RMB[REDACTED] will be divided into [REDACTED] Shares of par value RMB[REDACTED] each.

UPON COMPLETION OF THE [REDACTED]

Immediately upon completion of the [REDACTED], 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 total share capital %
[REDACTED] Shares in issue	[REDACTED]	[REDACTED]
H Shares to be converted from [REDACTED] Shares ^(note)	[REDACTED]	[REDACTED]
H Shares to be issued pursuant to the [REDACTED]	<u>[REDACTED]</u>	<u>[REDACTED]</u>
Total	<u><u>[REDACTED]</u></u>	<u><u>100.00</u></u>

Immediately upon completion of the [REDACTED], assuming the [REDACTED] is fully exercised, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of total share capital %
[REDACTED] Shares in issue	[REDACTED]	[REDACTED]
H Shares to be converted from [REDACTED] Shares ^(note)	[REDACTED]	[REDACTED]
H Shares to be issued pursuant to the [REDACTED]	<u>[REDACTED]</u>	<u>[REDACTED]</u>
Total	<u><u>[REDACTED]</u></u>	<u><u>100.00</u></u>

Note: For details of the identities of the Shareholders whose Shares will be converted into H Shares upon [REDACTED], see “History, Development and Corporate Structure — Public Float” in this document.

SHARE CAPITAL

SHARE CLASSES

Upon completion of the [REDACTED], and conversion of [REDACTED] into H Shares, our Company would have [REDACTED] Shares and H Shares. Both [REDACTED] Shares and H Shares are ordinary shares in the share capital of our Company are regarded as the same classes of Shares. Apart from certain qualified domestic institutional investors in the PRC, certain qualified PRC investors under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect, and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities, H Shares generally cannot be subscribed by or traded among legal and natural persons of the PRC.

[REDACTED] Shares and H Shares will rank pari passu with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this document. All dividends in respect of the H Shares are to be paid by us in Hong Kong dollars or in the form of H Shares.

CONVERSION OF OUR [REDACTED] SHARES INTO H SHARES

Upon completion of the [REDACTED], our Company will have two types of ordinary Shares, namely [REDACTED] Shares and H Shares. According to the regulations by the securities regulatory authorities of the State Council and our Articles of Association, the [REDACTED] Shares may be converted into H Shares, and such converted Shares may be [REDACTED] and [REDACTED] on an overseas stock exchange provided that the conversion, [REDACTED] and [REDACTED] of such converted Shares have been approved by the securities regulatory authorities of the State Council. In addition, such conversion, [REDACTED] and [REDACTED] shall complete any requisite internal approval process and in all respects comply with the regulations prescribed by the securities regulatory authorities of the State Council and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange.

Our Company has applied for a full circulation filing when filing with the CSRC on [●] for our overseas [REDACTED] on the Stock Exchange. Our Company has received the filing notice from the CSRC dated [●] in relation to the registration of our overseas [REDACTED] on the Stock Exchange and the “full circulation”. Accordingly, a total of [REDACTED] Shares held by the existing Shareholders were approved to be converted into H Shares on a one-for-one basis, and the converted H Shares will be [REDACTED] on the Stock Exchange (upon completion of the [REDACTED]), details of the relevant Shareholders and the number of [REDACTED] Shares to be converted into H Shares upon completion of the [REDACTED] are set out below:

Shareholders	Number of [REDACTED] Shares to be converted to H Shares upon completion of the [REDACTED]
Shenzhen Jiecheng Investment	[REDACTED]
Shenzhen Jiecheng Enterprise Management	[REDACTED]
Mr. Zheng	[REDACTED]
Shenzhen Jiecheng Mingchahui	[REDACTED]
Shenzhen Jiecheng Zhiyuan	[REDACTED]
Shenzhen Yongchangxuan	[REDACTED]
Shanghai Yunjuan	[REDACTED]
Qianhai Hongtu	[REDACTED]

SHARE CAPITAL

Shareholders	Number of [REDACTED] Shares to be converted to H Shares upon completion of the [REDACTED]
Shenzhen Jundacheng	[REDACTED]
Shanghai Guangpu	[REDACTED]
Zhaoqing Hongwan Boguan	[REDACTED]
Shenzhen Jinteng	[REDACTED]
Nantong Wujie	[REDACTED]
Shenzhen Venture Capital Xinjiang	[REDACTED]
Huzhou Zifeng	[REDACTED]
Xinhui Xinkong	[REDACTED]
Shenzhen Herong	[REDACTED]
Xinyu Xinye	[REDACTED]
Wu Lijue	[REDACTED]
Xinyu Weisen	[REDACTED]
Shenzhen Venture Capital	[REDACTED]
Liyang Investment Fund	[REDACTED]
Guangdong Shuishih	[REDACTED]

If any of the [REDACTED] Shares are to be converted, [REDACTED] and [REDACTED] as H Shares on the Stock Exchange, such conversion, [REDACTED] and [REDACTED] will need the approval of the relevant PRC regulatory authorities, including the CSRC, and the approval of the Stock Exchange. Based on the procedures for the conversion of [REDACTED] Shares into H Shares as described below, we may apply for the [REDACTED] of all or any portion of the [REDACTED] Shares on the Stock Exchange as H Shares in advance of any proposed conversion to ensure that the conversion process can be completed promptly upon notice to the Stock Exchange and delivery of Shares for entry on the [REDACTED]. As any [REDACTED] of additional Shares after our [REDACTED] on the Stock Exchange is ordinarily considered by the Stock Exchange to be a purely administrative matter, it does not require such prior application for [REDACTED] at the time of our [REDACTED] in Hong Kong. Class shareholder voting is not required for the conversion of such Shares or the [REDACTED] and [REDACTED] of such converted Shares on an overseas stock exchange. Any application for [REDACTED] of the converted shares on the Stock Exchange after our [REDACTED] is subject to prior notification by way of announcement to inform our Shareholders and the public of any proposed conversion.

After all the requisite approvals have been obtained, the following procedure will need to be completed in order to effect the conversion: the relevant [REDACTED] Shares will be withdrawn from the [REDACTED] Share register and we will re-register such Shares on our [REDACTED] maintained in Hong Kong and instruct the [REDACTED] to issue H Share certificates. Registration on our [REDACTED] will be conditional on (a) our [REDACTED] lodging with the Hong Kong Stock Exchange a letter confirming the proper entry of the relevant H Shares on the [REDACTED] of members and the due dispatch of H Share certificates; and (b) the admission of the H Shares to trade on the Hong Kong Stock Exchange in compliance with the Listing Rules, the General Rules of [REDACTED] and the [REDACTED] in force from time to time. Until the converted shares are re-registered on our [REDACTED], such Shares would not be [REDACTED] as H Shares.

SHARE CAPITAL

LOCK-UP PERIODS

In accordance with the PRC Company Law, the shares issued prior to any [REDACTED] of shares by a company cannot be transferred within one year from the date on which such [REDACTED] shares are [REDACTED] and [REDACTED] on the relevant stock exchange. As such, the Shares issued by our Company prior to the issue of H Shares will be subject to such statutory restriction on transfer within a period of one year from the [REDACTED].

Our Directors, and members of the senior management of our Company shall declare their shareholdings in our Company and any changes in their shareholdings. Shares transferred by our Directors, and members of the senior management each year during their term of office shall not exceed 25% of their total respective shareholdings in our Company. The Shares that the aforementioned persons held in our Company cannot be transferred within one year from the date on which the shares are [REDACTED] and [REDACTED], nor within half a year after they leave their positions in our Company. The Articles of Association may contain other restrictions on the transfer of the Shares held by our Directors, and members of senior management of our Company.

REGISTRATION OF SHARES NOT [REDACTED] ON THE OVERSEAS STOCK EXCHANGE

According to the Guidelines for the “Full Circulation” Program for Domestic Unlisted Shares of H-Share Listed Companies (《H股公司境內未上市股份申請“全流通”業務指引》) announced by the CSRC, the domestic shareholders of [REDACTED] Shares shall handle share transfer registration business in accordance with the relevant business rules of the China Securities Depository and Clearing Corporation Limited. Further, H-share companies should submit the relevant status reports to the CSRC within 15 days after the transfer registration with the China Securities Depository and Clearing Corporation Limited of the [REDACTED] Shares involved in the application is completed.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, 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], the following persons 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 Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name of Shareholder	Nature of interest	As of the Latest Practicable Date		Immediately following the [REDACTED], the [REDACTED] and Conversion of [REDACTED] Shares into H Shares (assuming no exercise of the [REDACTED])			
		Number of [REDACTED] Shares ⁽¹⁾	Approximate percentage of shareholding in [REDACTED] Shares ⁽²⁾	Number of H Shares ⁽¹⁾	Approximate percentage of Shareholder in the H Share of our Company after the [REDACTED] (assuming no exercise of the [REDACTED]) ⁽³⁾	Approximate percentage of Shareholder in the total issued share capital of our Company after the [REDACTED] (assuming no exercise of the [REDACTED]) ⁽⁴⁾	Approximate percentage of Shareholder in the total issued share capital of our Company after the [REDACTED] (assuming the exercise of the [REDACTED]) ⁽⁴⁾
Shenzhen Jiecheng Investment ⁽⁵⁾	Beneficial interest	[REDACTED]	29.96%	[REDACTED]	[REDACTED]%	[REDACTED]%	[REDACTED]%
Shenzhen Jiecheng Enterprise Management ⁽⁶⁾	Beneficial interest	[REDACTED]	19.87%	[REDACTED]	[REDACTED]%	[REDACTED]%	[REDACTED]%
Mr. Zheng ⁽⁵⁾⁽⁶⁾⁽⁷⁾⁽⁸⁾⁽⁹⁾	Beneficial interest	[REDACTED]	9.81%	[REDACTED]	[REDACTED]%	[REDACTED]%	[REDACTED]%
	Interest in controlled corporation	[REDACTED]	75.37%	[REDACTED]	[REDACTED]%	[REDACTED]%	[REDACTED]%
Shenzhen Jiecheng Mingchehui ⁽⁷⁾	Beneficial interest	[REDACTED]	5.24%	[REDACTED]	[REDACTED]%	[REDACTED]%	[REDACTED]%
Lin Xiaojie (林曉杰) ⁽⁷⁾	Interest in controlled corporation	[REDACTED]	5.24%	[REDACTED]	[REDACTED]%	[REDACTED]%	[REDACTED]%
Shenzhen Yongchangxuan ⁽⁸⁾	Beneficial interest	[REDACTED]	5.27%	[REDACTED]	[REDACTED]%	[REDACTED]%	[REDACTED]%
Yang Manna (楊漫娜) ⁽⁸⁾	Interest in controlled corporation	[REDACTED]	5.27%	[REDACTED]	[REDACTED]%	[REDACTED]%	[REDACTED]%
Shenzhen Jiecheng Zhiyuan ⁽⁹⁾	Beneficial interest	[REDACTED]	5.23%	[REDACTED]	[REDACTED]%	[REDACTED]%	[REDACTED]%

Notes:

- (1) All interests stated are long positions.
- (2) The calculation is based on the total number of Shares in issue as at the Latest Practicable Date, assuming the [REDACTED] is completed.
- (3) The calculation is based on the total number of [REDACTED] H Shares in issue immediately after completion of the [REDACTED] as all [REDACTED] [REDACTED] Shares will be converted into H Shares and [REDACTED] H Shares will be issued pursuant to the [REDACTED], assuming that the [REDACTED] is not exercised.

SUBSTANTIAL SHAREHOLDERS

- (4) The calculation is based on the total number of [REDACTED] [REDACTED] Shares and [REDACTED] H Shares in issue immediately upon completion of the [REDACTED] and the Conversion of [REDACTED] Shares into H Shares.
- (5) As of the Latest Practicable Date, Shenzhen Jiecheng Investment was owned as to 90% by Mr. Zheng and 10% by Yang Manna (楊漫娜).
- (6) Shenzhen Jiecheng Enterprise Management is a limited liability partnership established in the PRC on May 25, 2022, which is our Controlling Shareholder and share holding platform. As of the Latest Practicable Date, Shenzhen Jiecheng Enterprise Management was owned and controlled as to 43.1073% by Mr. Zheng as its general partner, and owned as to 32.5658% by Zhang Qiuhui (張秋輝, our executive Director), 10.1394% by Yang Haoyu (楊昊昱, our executive Director), 10.1394% by Lin Xiaojie (林曉杰, our employee), and 4.0481% by Wu Haimin (吳海敏, our [REDACTED] Investor) as its limited partners.
- (7) Shenzhen Jiecheng Mingchahui is a limited liability partnership established in the PRC on September 18, 2021, which is our Controlling Shareholder and share holding platform. As of the Latest Practicable Date, Shenzhen Jiecheng Mingchahui was owned and controlled as to 27.0032% by Mr. Zheng as its general partner, and owned as to 40.5048% by Lin Xiaojie (our employee), 27.653% by Wu Lijue (吳理覺, our [REDACTED] Investor) and 4.839% by Yang Haoyu (our executive Director) as its limited partners. Lin Xiaojie is deemed to be interested in the Shares directly held by Shenzhen Jiecheng Mingchahui by virtue of the SFO.
- (8) Shenzhen Yongchangxuan is a liability partnership established in the PRC on July 27, 2021, which is our Controlling Shareholder and share holding platform. As of the Latest Practicable Date, Shenzhen Yongchangxuan was owned and controlled as to 12.7476% by Mr. Zheng as its general partner, and owned as to 38.2431% by Yang Manna (our employee), 19.5817% by Huang Shaobo (黃少波, our [REDACTED] Investor), 18.6614% by Huang Zitao (黃梓濤, our [REDACTED] Investor), 7.1775% by Huang Jian (黃堅, our [REDACTED] Investor), 2.1532% by Yang Xiaoming (楊曉明, our [REDACTED] Investor), and 1.4355% by Lin Yi (林翊, our [REDACTED] Investor) as its limited partners. Yang Manna is deemed to be interested in the Shares directly held by Shenzhen Yongchangxuan by virtue of the SFO.
- (9) Shenzhen Jiecheng Zhiyuan is a limited liability partnership established in the PRC on May 25, 2022, which is our Controlling Shareholder and employee incentive holding platform. As of the Latest Practicable Date, Shenzhen Jiecheng Zhiyuan was owned and controlled as to 46.5659% by Mr. Zheng as its general partner, and owned as to our following employees: 7.7619% by Yang Zebin (楊澤濱), 6.9942% by Zheng Ruiwei (鄭銳偉, brother of Mr. Zheng), 6.9289% by Wen Li (文禮), 5.4732% by Zheng Weilin (鄭偉林, brother of Mr. Zheng), 1.7491% by Fu Tingting (傅婷婷, our non-executive Director), 1.7491% by Ye Liqiang (葉利強), 1.6923% by Lin Xiaojie (林曉杰), 1.5385% by Li Fang (李芳), 1.5385% by Shen Hengguan (沈恒冠), 1.5385% by Yang Haoyu (our executive Director), 1.5385% by Yang Manna, 1.2830% by Lin Renfa (林仁發), 1.20% by Chen Shaoling (陳少玲), 0.8563% by Dong Chen (董晨, our executive Director), 0.5138% by Ge Lingling (葛玲玲, our chief financial officer) and the other 27 employees each of whom held less than 1.00% of equity interests in Shenzhen Jiecheng Zhiyuan as its limited partners.

Save as disclosed above and in “Appendix VII — Statutory and General Information — Further information about our Directors and Substantial Shareholders — Substantial Shareholders” to this document, our Directors are not aware of any persons who will, immediately following completion of the [REDACTED] (assuming the [REDACTED] is not exercised), without taking into account the [REDACTED] that may be taken up under the [REDACTED], have interests or short positions in Shares or underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO 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.

FINANCIAL INFORMATION

You should read the following discussion and analysis in conjunction with consolidated financial statements, including the notes thereto included in the Accountants’ Report in Appendix I to this document and the selected historical financial information presented elsewhere to this document. Our historical financial information was prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board.

The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis that we make considering our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed in the sections headed “Risk Factors”, “Forward-Looking Statements” and elsewhere in this document.

OVERVIEW

We are a world-leading independent lithium battery recycling and material recovery solution provider. According to CIC, we ranked first globally in terms of lithium battery recycling volume via third-party channels in 2025. We have established a fully integrated closed-loop business model that spans recycling, hydrometallurgy and cascade utilization. In 2025, we recycled 71.6 kilotons of lithium battery recycling materials, including electrode sheets, battery cells and used batteries, establishing comprehensive capabilities for full-category, full-form and full-chain lithium battery recycling and material recovery.

We recorded revenue of RMB1,157.9 million, RMB1,170.5 million and RMB1,499.6 million for the years ended December 31, 2023, 2024 and 2025, respectively. We recorded a net loss of RMB151.4 million and RMB95.1 million for the years ended December 31, 2023 and 2024, respectively, and recorded a net profit of RMB16.2 million for the year ended December 31, 2025.

BASIS OF PREPARATION

See Note 2 to the Accountants’ Report in Appendix I to this document.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our financial condition and results of operations have been, and will continue to be, affected by a number of factors, including those set out below.

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End-market demand

Considering that our recycling products, hydrometallurgy products and cascade utilization products are mainly used for producing lithium batteries, the demand for our products is influenced by the demand in the lithium battery market. In recent years, our revenue growth has been driven by strong demand in the lithium battery market, particularly due to the significant increase in demand for EV batteries and ESS batteries. According to the CIC, China’s EV battery market size expanded rapidly from 133.6 GWh in 2021 to 670.7 GWh in 2025, and is expected to reach 1,568.0 GWh in 2030, representing a CAGR of 18.5% from 2025 to 2030. China’s ESS battery market is expected to grow from 204.6 GWh in 2025 to 945.9 GWh in 2030, representing a CAGR of 35.8%. We expect our sales to continue to be driven by demand in the end markets we serve.

Prices of raw materials and our products

The financial performance of our recycling products, hydrometallurgical products and cascade utilization products is subject to fluctuations in the market prices of critical metal salts and metals. Such price movements may materially affect our revenue, cost of sales, and gross profit margins. For example, to the extent we cannot fully pass on the changes in raw material costs to customers, our profit margin would be affected by the changes in raw material prices. For our recycling products and hydrometallurgical products, we primarily price our products with reference to the market prices of specific metal salts and metals such as lithium carbonate, cobalt sulfate, nickel sulfate and copper. Moreover, our cost of sales may be affected by impairment losses on inventories, which is primarily affected by the market prices of our raw materials. If we fail to consume raw materials in a timely manner and the market prices of such raw materials decline, we may incur impairment losses on inventories, which could adversely affect our gross profit and gross profit margin.

Operational efficiency and cost control

Our ability to maintain and improve production efficiency and control production costs will impact our business, results of operations and profitability. We continuously optimize our technological processes, including technological innovation, upgrades, equipment and machinery upgrades, and process improvements to enhance production efficiency and reduce unit production costs, thereby mitigating risks associated with fluctuations in the prices of our products and raw materials. We have developed a wealth of key technologies that are used in our production process and applied in our products. Leveraging these advanced technologies and our R&D capabilities, together with our manufacturing expertise, we can produce high-quality products that meet our customers’ requirements while maintaining cost efficiency. For example, our particle discharge technology shortens the battery cell discharge process and improves discharge efficiency; and our innovative pre-lithium extraction technology achieves efficient lithium extraction with a front-end lithium extraction rate of over 90% through safe carbon reduction and selective leaching.

R&D capabilities and technology innovation

Our revenue growth is influenced by our ability to continuously enhance our R&D capabilities, which drive ongoing advancements in our technology and manufacturing processes. These developments enable us to deliver products that remain high-quality and meet the needs of our customers and the

FINANCIAL INFORMATION

broader market. We have made substantial investments in talent, technology, and R&D to continuously strengthen our R&D capabilities, further reduce unit costs in scale production, improve gross margins, and reinforce our market position.

During the Track Record Period, we incurred RMB33.9 million, RMB32.7 million and RMB24.4 million of research and development expenses in 2023, 2024 and 2025, respectively. As of the Latest Practicable Date, we had a total of 36 R&D personnel, many of whom held bachelor’s degree or above in chemistry, refining, engineering, and other scientific fields essential to the lithium battery recycling business, and had extensive work experience in related fields. Going forward, we expect to continue to invest in R&D and recruit top technical talent, focusing on innovation strategies to enhance our competitiveness.

MATERIAL ACCOUNTING POLICY INFORMATION AND ACCOUNTING JUDGMENTS AND ESTIMATES

See Note 2 and Note 3 to the Accountants’ Report in Appendix I to this document.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

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

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Revenue	1,157,945	1,170,532	1,499,617
Cost of sales			
Cost of sales of goods	(1,147,021)	(1,135,599)	(1,373,707)
Impairment losses on inventories	(76,870)	(34,290)	(22,836)
Gross (loss)/profit	(65,946)	643	103,074
Other income and gains	13,558	22,545	17,099
Selling and distribution expenses	(3,475)	(3,524)	(4,997)
Administrative expenses	(53,738)	(64,397)	(52,799)
Research and development expenses	(33,881)	(32,717)	(24,361)
Impairment reversal/(losses) on financial assets, net	330	(3,591)	(1,593)
Other expenses	(820)	(470)	(4,280)
Finance costs	(7,399)	(13,541)	(15,902)
(Loss)/Profit before tax	(151,371)	(95,052)	16,241
Income tax expense	—	—	—
(Loss)/Profit for the year	<u>(151,371)</u>	<u>(95,052)</u>	<u>16,241</u>

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Non-IFRS Measures

To supplement our consolidated financial statements that are presented in accordance with IFRS, we also used adjusted net profit or loss (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) as additional financial measures, which are not required by or presented in accordance with IFRS. We believe that the non-IFRS measures provide useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of non-IFRS measures may not be comparable to similarly titled measures presented by other companies. The uses of non-IFRS measures have limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for an analysis of, our results of operations or financial condition as reported under IFRS.

We define adjusted net profit or loss (non-IFRS measure) as profit or loss for the year adjusted by adding back share-based payment expenses. We define adjusted EBITDA (non-IFRS measure) as adjusted net profit or loss (non-IFRS measure) adding back depreciation of property, plant and equipment, depreciation of right-of-use assets, amortization of intangible assets, net finance costs and income tax expense.

The following table sets forth a reconciliation of our adjusted net profit or loss (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) during the Track Record Period to the most directly comparable financial measure calculated and presented in accordance with IFRS, which is profit or loss for the year.

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
(Loss)/profit for the year	(151,371)	(95,052)	16,241
Add:			
Share-based payment expenses	2,229	2,165	(1,732)
Adjusted (loss)/profit (non-IFRS measure)	(149,142)	(92,887)	14,509
Add:			
Depreciation of property, plant and equipment	3,412	9,168	29,099
Depreciation of right-of-use assets	10,151	12,560	7,486
Amortization of intangible assets	556	551	545
Finance costs	7,399	13,541	15,902
Income tax expense	—	—	—
Adjusted EBITDA (non-IFRS measure)	(127,624)	(57,067)	67,541

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DESCRIPTION OF MAJOR COMPONENTS IN OUR CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

Revenue

During the Track Record Period, we generated revenue primarily from recycling products, hydrometallurgy products, cascade utilization products and others.

The following table sets forth a breakdown of our revenue by business line for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Recycling products	976,838	84.4	983,652	84.1	1,230,348	82.0
Hydrometallurgy products	–	–	25,795	2.2	186,899	12.5
Cascade utilization products	181,107	15.6	160,809	13.7	82,370	5.5
Others ⁽¹⁾	–	–	276	*	–	–
Total	<u>1,157,945</u>	<u>100.0</u>	<u>1,170,532</u>	<u>100.0</u>	<u>1,499,617</u>	<u>100.0</u>

* Below 0.05

Note:

(1) Representing the sale of an equipment.

Sales Volume and Average Selling Price of Our Products

The following table sets forth a breakdown of the sales volume and average selling price of our major products by business line for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Sales Volume	Average Selling Price ⁽¹⁾ (RMB/ton or RMB/ kWh)	Sales Volume	Average Selling Price ⁽¹⁾ (RMB/ton or RMB/ kWh)	Sales Volume	Average Selling Price ⁽¹⁾ (RMB/ton or RMB/ kWh)
Recycling products (ton)	24,246	40,289	37,353	26,334	49,342	24,935
Hydrometallurgy products (ton)	–	–	4,248	6,072	26,086	7,165
Cascade utilization products (kWh)	314,296	576	628,283	256	394,393	209

Note:

(1) Average selling price is calculated as revenue for the year divided by sales volume for the same year.

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Cost of sales

Our cost of sales primarily consists of (i) cost of raw materials; (ii) manufacturing overheads; (iii) staff costs; (iv) transportation costs; and (v) impairment losses on inventories.

The following table sets forth a breakdown of our cost of sales by nature for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Cost of raw materials	1,111,771	90.8	1,103,543	94.4	1,314,444	94.2
Manufacturing overhead	22,767	1.9	18,967	1.6	36,888	2.6
Staff costs	11,070	0.9	9,593	0.8	18,172	1.3
Transportation costs	1,413	0.1	3,496	0.3	4,203	0.3
Impairment losses on inventories	<u>76,870</u>	<u>6.3</u>	<u>34,290</u>	<u>2.9</u>	<u>22,836</u>	<u>1.6</u>
Total	<u>1,223,891</u>	<u>100.0</u>	<u>1,169,889</u>	<u>100.0</u>	<u>1,396,543</u>	<u>100.0</u>

During the Track Record Period, cost of raw material was the largest component of our cost of sales, accounting for over 90% for each year. Our cost of raw materials is primarily affected by fluctuations in the prevailing market prices of relevant raw materials such as lithium carbonate, nickel sulfate and cobalt sulfate. Our cost of raw materials remained relatively stable at RMB1,111.8 million in 2023 and RMB1,103.5 million in 2024, and increased to RMB1,314.4 million in 2025, mainly reflecting our increased sales volume and business expansion.

The following table sets forth a sensitivity analysis of our gross profit for the years ended December 31, 2023, 2024 and 2025, for illustrative purposes only, based on the extent of fluctuation in cost of raw materials with regard to certain hypothetical changes in cost of raw materials, assuming all other variables remain constant:

	Year ended December 31,		
	2023	2024	2025
	Change in gross profit RMB'000	Change in gross profit RMB'000	Change in gross profit RMB'000
Percentage change in amount of cost of raw materials			
+/-10%	+/-111,177	+/-110,354	+/-131,444
+/-5%	<u>+/-55,589</u>	<u>+/-55,177</u>	<u>+/-65,722</u>

Gross profit or loss and gross profit or loss margin

Our gross profit or loss represents our revenue less our cost of sales. Our gross profit or loss margin represents our gross profit or loss as a percentage of our revenue.

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The following table sets forth a breakdown of our gross profit or loss and gross profit or loss margin by business line for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Gross profit/ (loss)	Gross profit/ (loss)	Gross profit/ (loss)	Gross profit/ (loss)	Gross profit/ (loss)	Gross profit/ (loss)
	margin	margin	margin	margin	margin	margin
	RMB'000	%	RMB'000	%	RMB'000	%
Recycling products	285	*	34,245	3.5	97,365	7.9
Hydrometallurgy products	–	–	(4,761)	(18.5)	8,323	4.5
Cascade utilization products	10,639	5.9	5,257	3.3	20,222	24.6
Others	–	–	192	69.6	–	–
Impairment losses on inventories	<u>(76,870)</u>	N/A	<u>(34,290)</u>	N/A	<u>(22,836)</u>	N/A
Total/Overall	<u>(65,946)</u>	(5.7)	<u>643</u>	0.1	<u>103,074</u>	6.9

* Below 0.05

During the Track Record Period, our gross profit or loss and gross profit or loss margin were primarily driven by the selling prices of our products and raw material costs. We generally price our products with reference to prevailing market prices, which fluctuated significantly during the Track Record Period. The purchase prices of our raw materials also generally move in tandem with the market prices of key material components including lithium carbonate, nickel sulfate, and cobalt sulfate. Considering the time lag between our purchase of raw materials and the completion of processing and sales of our products, if the prices of our products are in a decline cycle, our gross profit margins may be adversely affected.

Other income and gains

During the Track Record Period, our other income and gains primarily consisted of (i) interest income; (ii) government grants and subsidies; (iii) additional VAT deduction; (iv) realized gains from financial assets at FVTPL; (v) unrealized gains from financial assets at FVTPL; (vi) gains on disposal of items of property, plant and equipment; (vii) gains on disposal of a subsidiary, namely Guangdong Environmental Protection, of which we disposed our 55% shares held by our Company in 2024; (viii) gains on disposal of right-of-use assets; and (ix) others.

Government grants and subsidies mainly represent incentives received from local governments for the purpose of compensation on local economic contribution, purchases of property, plant and equipment, and research and development expenditure. There were no unfulfilled conditions or contingencies relating to these grants and subsidies during the Track Record Period. The government grants and subsidies we received were generally non-recurring in nature.

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The following table sets forth a breakdown of our other income and gains for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
<u>Other income</u>			
Interest income	1,036	325	270
Government grants and subsidies	3,040	916	4,878
Income from additional VAT input deduction	<u>7,119</u>	<u>9,915</u>	<u>11,305</u>
Total other income	<u>11,195</u>	<u>11,156</u>	<u>16,453</u>
<u>Gains</u>			
Fair value gains on financial assets at fair value through profit or loss	2,171	1,173	162
Gains on disposal of items of property, plant and equipment	–	13	1
Gains on disposal of a subsidiary	–	4,329	–
Gains on disposal of right-of-use assets	13	5,325	–
Others	<u>179</u>	<u>549</u>	<u>483</u>
Total gains	<u>2,363</u>	<u>11,389</u>	<u>646</u>
Total other income and gains	<u><u>13,558</u></u>	<u><u>22,545</u></u>	<u><u>17,099</u></u>

Selling and distribution expenses

During the Track Record Period, our sales and marketing expenses consisted of (i) staff cost; (ii) travel expenses; (iii) business development expenses; (iv) depreciation and amortization expenses related to office equipment and assets used in sales operations; (v) office expenses related to office operations supporting sales and marketing activities; and (vi) other expenses.

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The following table sets forth a breakdown of our selling and distribution expenses for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Staff cost	2,711	78.0	2,699	76.6	3,955	79.1
Travel expenses	400	11.5	671	19.0	698	14.0
Business development expenses	228	6.6	39	1.1	132	2.6
Depreciation and amortization	20	0.6	33	0.9	120	2.4
Office expenses	40	1.1	15	0.5	24	0.5
Others	76	2.2	67	1.9	68	1.4
Total	<u>3,475</u>	<u>100.0</u>	<u>3,524</u>	<u>100.0</u>	<u>4,997</u>	<u>100.0</u>

Administrative expenses

During the Track Record Period, our administrative expenses consisted of (i) staff cost; (ii) professional service fees, referring to professional and consulting fees incurred in the ordinary course of administrative operations; (iii) depreciation and amortization expenses, which were related to office facilities and equipment; (iv) business development expenses; (v) travel expenses; (vi) office expenses, primarily related to office supplies and other general administrative operational needs; (vii) taxes and surcharges; and (viii) other expenses.

The following table sets forth a breakdown of our administrative expenses for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Staff cost	30,996	57.7	38,708	60.0	28,218	53.4
Professional service fees	7,160	13.3	10,949	17.0	5,561	10.5
Depreciation and amortization	4,587	8.5	6,286	9.8	10,447	19.8
Business development expenses	4,310	8.0	2,095	3.3	1,363	2.6
Travel expenses	2,349	4.4	1,983	3.1	1,530	2.9
Office expenses	1,878	3.5	2,032	3.2	1,551	2.9
Taxes and surcharges	2,098	3.9	2,006	3.1	3,516	6.7
Others	360	0.7	338	0.5	613	1.2
Total	<u>53,738</u>	<u>100.0</u>	<u>64,397</u>	<u>100.0</u>	<u>52,799</u>	<u>100.0</u>

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Research and development expenses

During the Track Record Period, our research and development expenses consisted of (i) material costs, which primarily represented raw material and consumable expenses incurred in our R&D activities; (ii) staff cost; (iii) depreciation and amortization, mainly associated with R&D equipment and intangible assets used in our R&D operations; and (iv) other expenses.

The following table sets forth a breakdown of our research and development expenses for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Material costs	22,387	66.1	17,316	52.9	15,816	64.9
Staff cost	7,376	21.8	9,804	30.0	5,189	21.3
Depreciation and amortization	1,054	3.1	3,703	11.3	1,259	5.2
Others	3,064	9.0	1,894	5.8	2,097	8.6
Total	<u>33,881</u>	<u>100.0</u>	<u>32,717</u>	<u>100.0</u>	<u>24,361</u>	<u>100.0</u>

Impairment reversal or losses on financial assets, net

During the Track Record Period, our impairment reversal or losses on financial assets, net was mainly related to our trade and bills receivables and other receivables. We recorded net impairment reversal on financial assets of RMB0.3 million for the year ended December 31, 2023, and net impairment losses on financial assets of RMB3.6 million and RMB1.6 million for the years ended December 31, 2024 and 2025, respectively.

Other expenses

During the Track Record Period, our other expenses primarily consisted of (i) non-operating expenses, mainly including litigation and arbitration compensation payments; (ii) loss on derecognition of debt instruments measured at fair value through other comprehensive income, representing interest expenses on discounted bills; (iii) loss on disposal of PPE, incurred from the disposal or write-down of property, plant and equipment; and (iv) exchange losses, attributable to fluctuations in foreign currency exchange rates during the relevant years.

The following table sets forth a breakdown of our other expenses for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Non-operating expenses	644	78.5	62	13.2	3,612	84.4
Loss on derecognition of debt instruments measured at fair value through other comprehensive income	171	20.9	408	86.8	347	8.1
Loss on disposal of PPE	5	0.6	–	–	20	0.5
Exchange losses	–	–	–	–	301	7.0
Total	<u>820</u>	<u>100.0</u>	<u>470</u>	<u>100.0</u>	<u>4,280</u>	<u>100.0</u>

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Finance costs

During the Track Record Period, our finance costs consisted of (i) interest on interest-bearing bank borrowings; and (ii) interest on lease liabilities, less any interest capitalized.

The following table sets forth a breakdown of our finance costs for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Interest on interest-bearing bank borrowings	6,237	15,210	15,201
Interest on lease liabilities	4,689	4,421	865
Less: interest capitalized	<u>(3,527)</u>	<u>(6,090)</u>	<u>(164)</u>
Total	<u><u>7,399</u></u>	<u><u>13,541</u></u>	<u><u>15,902</u></u>

Income tax expense

We are subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of our Group are domiciled and operate.

Our subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at the rate of 16.5% on the estimated assessable profits arising in Hong Kong. No provision for Hong Kong profits tax has been made as we had no assessable profits derived from or earned in Hong Kong during the Track Record Period.

Pursuant to the Enterprise Income Tax Law of the PRC and the respective regulations (the “EIT Law”), our entities which operate in the Chinese mainland are subject to EIT at a rate of 25% on the taxable income. In 2023, our Company was accredited as a “High and New Technology Enterprise” (“HNTE”). Hence, our Company was entitled to a preferential EIT rate of 15% for the Track Record Period.

YEAR-TO-YEAR COMPARISON OF RESULTS OF OPERATIONS

Year ended December 31, 2025 compared to year ended December 31, 2024

Revenue

Our revenue increased by 28.1% from RMB1,170.5 million for the year ended December 31, 2024 to RMB1,499.6 million for the year ended December 31, 2025, which was primarily due to a 25.1% increase in revenue from sales of recycling products and a 624.6% increase in revenue from sales of hydrometallurgy products, partially offset by a 48.8% decrease in revenue from sales of cascade utilization products.

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Revenue generated from the sales of recycling products

Our revenue from the sales of recycling products increased by 25.1% from RMB983.7 million for the year ended December 31, 2024 to RMB1,230.3 million for the year ended December 31, 2025. This increase was driven by an increase in the sales volume of our recycling products. Our sales volume of recycling products increased from 37,353 ton for the year ended December 31, 2024 to 49,342 ton for the year ended December 31, 2025, mainly attributable to (i) our customers’ increased demands for our recycling products; and (ii) our efforts in developing new customers for our recycling products. On the other hand, the average selling price of our recycling products decreased from RMB26,334 per ton for the year ended December 31, 2024 to RMB24,935 per ton for the year ended December 31, 2025. The decline in prices primarily reflected our competitive pricing strategy in response to the general decline in the market prices of lithium carbonate in 2025.

Revenue generated from the sales of hydrometallurgy products

Our revenue from the sales of hydrometallurgy products increased by 624.6% from RMB25.8 million for the year ended December 31, 2024 to RMB186.9 million for the year ended December 31, 2025. This increase was driven by increases in the sales volume and our average selling price of our hydrometallurgy products. Our sales volume of hydrometallurgy products increased from 4,248 ton for the year ended December 31, 2024 to 26,086 tons for the year ended December 31, 2025, mainly reflecting a full year of production from our new hydrometallurgy production line in 2025, which commenced operation in November 2024. Our average selling price of our hydrometallurgy products increased from RMB6,072 per ton for the year ended December 31, 2024 to RMB7,165 per ton for the year ended December 31, 2025, which was primarily due to the increase in market price of cobalt sulfate.

Revenue generated from the sales of cascade utilization products

Our revenue from the sales of cascade utilization products decreased by 48.8% from RMB160.8 million for the year ended December 31, 2024 to RMB82.4 million for the year ended December 31, 2025. This decrease was primarily attributable to the decrease in sales volume and average selling price of our cascade utilization products. Our sales volume of cascade utilization products decreased from 628,283 kWh for the year ended December 31, 2024 to 394,393 kWh for the year ended December 31, 2025, primarily reflecting our adjustment in sales effort focus on recycling products in 2025. Meanwhile, our average selling price for cascade utilization products decreased from RMB256 per kWh for the year ended December 31, 2024 to RMB209 per kWh for the year ended December 31, 2025. The decrease was primarily attributable to our strategic pricing strategy to remain competitive in the market following the decline in the market price of battery cells.

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Cost of sales

Our cost of sales increased by 19.4% from RMB1,169.9 million for the year ended December 31, 2024 to RMB1,396.5 million for the year ended December 31, 2025, primarily due to an increase in raw materials cost by 19.1% from RMB1,103.5 million for the year ended December 31, 2024 to RMB1,314.4 million for the year ended December 31, 2025, which was in line with our sales volume and revenue growths, partially offset by a decrease of RMB11.5 million in impairment loss on inventories.

Gross profit or loss and gross profit or loss margin

As a result of the foregoing, our gross profit increased significantly from RMB0.6 million for the year ended December 31, 2024 to RMB103.1 million for the year ended December 31, 2025, primarily attributable to (i) an increase in gross profit from recycling products from RMB34.2 million for the year ended December 31, 2024 to RMB97.4 million for the year ended December 31, 2025; and (ii) a 33.4% reduction in impairment losses on inventories from RMB34.3 million for the year ended December 31, 2024 to RMB22.8 million for the year ended December 31, 2025.

Our overall gross profit margin increased from 0.1% for the year ended December 31, 2024 to 6.9% for the year ended December 31, 2025, primarily due to the increase in gross profit margins of recycling products and cascade utilization products.

Gross profit and gross profit margin from the sales of recycling products

Gross profit from the sales of recycling products increased from RMB34.2 million for the year ended December 31, 2024 to RMB97.4 million for the year ended December 31, 2025, and gross profit margin from the sales of recycling products increased from 3.5% for the year ended December 31, 2024 to 7.9% for the year ended December 31, 2025, primarily due to the economies of scale driven by the expanded production volume of our recycling products, and our sales and pricing strategy under which the reduction in our selling prices was more moderate than the decline in raw material market prices, thereby enhancing our gross profit and gross profit margin.

Gross loss or profit and gross loss or profit margin from the sales of hydrometallurgy products

We recorded a gross loss of RMB4.8 million for the year ended December 31, 2024, compared to a gross profit of RMB8.3 million for the year ended December 31, 2025, with a gross profit margin of 4.5% from the sales of hydrometallurgy products for the year ended December 31, 2025. The turnaround from gross loss to gross profit for the year ended December 31, 2025 was primarily due to the sales of hydrometallurgy products reflecting a full year of production for the corresponding year from our new hydrometallurgy production line in 2025, which commenced operation in November 2024.

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Gross profit and gross profit margin from the sales of cascade utilization products

Gross profit from the sales of cascade utilization products increased by 284.7% from RMB5.3 million for the year ended December 31, 2024 to RMB20.2 million for the year ended December 31, 2025, and gross profit margin from the sales of cascade utilization products increased from 3.3% for the year ended December 31, 2024 to 24.6% for the year ended December 31, 2025, mainly attributable to our procurement of certain battery packs with relatively higher pack-level state of health.

Other income and gains

Our other income and gains decreased from RMB22.5 million for the year ended December 31, 2024 to RMB17.1 million for the year ended December 31, 2025, primarily due to (i) a decrease in gains on disposal of right-of-use assets from RMB5.3 million for the year ended December 31, 2024 to nil for the year ended December 31, 2025 mainly because of early lease termination of our Jiangmen Base in 2024; and (ii) a decrease in gains on disposal of a subsidiary from RMB4.3 million for the year ended December 31, 2024 to nil for the year ended December 31, 2025 which was in connection with our disposal of Guangdong Environmental Protection in 2024.

Selling and distribution expenses

Our selling and distribution expenses increased from RMB3.5 million for the year ended December 31, 2024 to RMB5.0 million for the year ended December 31, 2025, primarily due to an increase in staff cost from RMB2.7 million for the year ended December 31, 2024 to RMB4.0 million for the year ended December 31, 2025 as a result of the additional staffing as well as salary and bonus increases for these personnel to support business expansion.

Administrative expenses

Our administrative expenses decreased from RMB64.4 million for the year ended December 31, 2024 to RMB52.8 million for the year ended December 31, 2025, primarily due to (i) a decrease in staff cost from RMB38.7 million for the year ended December 31, 2024 to RMB28.2 million for the year ended December 31, 2025 mainly because certain personnel recruited in advance for our hydrometallurgy production were reclassified from administrative expenses to cost of sales following the commencement of our hydrometallurgy production line in November 2024; and (ii) a decrease in professional service fees from RMB10.9 million for the year ended December 31, 2024 to RMB5.6 million for the year ended December 31, 2025 mainly as a result of the accrual of a disputed consulting service fee in 2024.

Research and development expenses

Our research and development expenses decreased from RMB32.7 million for the year ended December 31, 2024 to RMB24.4 million for the year ended December 31, 2025, primarily due to (i) a decrease in staff cost from RMB9.8 million for the year ended December 31, 2024 to RMB5.2 million for the year ended December 31, 2025; and (ii) a decrease in material cost from RMB17.3 million for the year ended December 31, 2024 to RMB15.8 million for the year ended December 31, 2025 as a result of the completion of several R&D projects in 2025.

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Impairment losses on financial assets, net

Our impairment losses on financial assets, net decreased from RMB3.6 million for the year ended December 31, 2024 to RMB1.6 million for the year ended December 31, 2025, primarily due to a one off provision of impairment loss of trade receivable from a customer in 2024.

Other expenses

Our other expenses increased from RMB0.5 million for the year ended December 31, 2024 to RMB4.3 million for the year ended December 31, 2025, primarily because of an increase in non-operating expenses from RMB62,000 for the year ended December 31, 2024 to RMB3.6 million for the year ended December 31, 2025, primarily representing a provision of RMB2.8 million for an arbitration against us. As of the Latest Practicable Date, the parties had reached a settlement in respect of this arbitration.

Finance costs

Our finance costs increased from RMB13.5 million for the year ended December 31, 2024 to RMB15.9 million for the year ended December 31, 2025, primarily because interest capitalized decreased from RMB6.1 million for the year ended December 31, 2024 to RMB0.2 million for the year ended December 31, 2025, as the construction project of our Jiangmen Base was completed in December 2024. Upon the completion, interest on bank borrowings related to this project was no longer eligible for capitalization thereby increasing our finance costs for the year ended December 31, 2025.

Income tax expense or credit

We did not have any income tax expense or credit for the years ended December 31, 2024 and 2025 because we did not record any taxable income for the year ended December 31, 2024 and we had unused tax losses available for offset against assessable profit for the year ended December 31, 2025.

Profit or loss for the year

As a result of the foregoing, we recorded a loss of RMB95.1 million for the year ended December 31, 2024 and a profit of RMB16.2 million for the year ended December 31, 2025.

Year ended December 31, 2024 compared to year ended December 31, 2023

Revenue

Our revenue increased by 1.1% from RMB1,157.9 million for the year ended December 31, 2023 to RMB1,170.5 million for the year ended December 31, 2024, which was primarily due to an increase in revenue from sales of hydrometallurgy products and recycling products, partially offset by a 11.2% decrease in revenue from sales of cascade utilization products.

Revenue generated from the sales of recycling products

Our revenue from the sales of recycling products increased by 0.7% from RMB976.8 million for the year ended December 31, 2023 to RMB983.7 million for the year ended December 31, 2024. This increase was driven by increase in the sales volume of our recycling products. Our sales volume of

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recycling products increased from 24,246 tons for the year ended December 31, 2023 to 37,353 tons for the year ended December 31, 2024, mainly attributable to the increased market demands for recycling products. On the other hand, the average selling price of our recycling products decreased from RMB40,289 per ton for the year ended December 31, 2023 to RMB26,334 per ton for the year ended December 31, 2024. The decrease in prices were primarily due to our pricing strategy to lower selling prices of our recycling products to be more competitive in response to the decline in the market prices of lithium carbonate, nickel sulfate and cobalt sulfate.

Revenue generated from the sales of hydrometallurgy products

We began the formal production and sales of hydrometallurgy products in November 2024 and recorded revenue generated from the sales of hydrometallurgy products of RMB25.8 million for the year ended December 31, 2024, mainly because we intended to further diversify our product portfolio to capitalize on the growing market demand for hydrometallurgy products.

Revenue generated from the sales of cascade utilization products

Our revenue from the sales of cascade utilization products decreased by 11.2% from RMB181.1 million for the year ended December 31, 2023 to RMB160.8 million for the year ended December 31, 2024. This decrease was primarily driven by the decrease in average selling price of our cascade utilization products from RMB576 per kWh for the year ended December 31, 2023 to RMB256 per kWh for the year ended December 31, 2024, in response to the decline in market prices of battery cells as a result of the intensified competition in the industry, partially offset by the increase in sales volume of our cascade utilization products from 314,296 kWh for the year ended December 31, 2023 to 628,283 kWh for the year ended December 31, 2024.

Cost of sales

Our cost of sales decreased by 4.4% from RMB1,223.9 million for the year ended December 31, 2023 to RMB1,169.9 million for the year ended December 31, 2024, primarily due to (i) a decrease in cost of raw materials from RMB1,111.8 million for the year ended December 31, 2023 to RMB1,103.5 million for the year ended December 31, 2024, driven by a decline in the market prices of major raw materials, notwithstanding an increase in our procurement volume; and (ii) a decrease of RMB42.6 million in impairment losses on inventories.

Gross profit or loss and gross profit or loss margin

As a result of the foregoing, we recorded a gross loss of RMB65.9 million for the year ended December 31, 2023 and a gross profit of RMB0.6 million for the year ended December 31, 2024. The turnaround from gross loss to gross profit for the year ended December 31, 2024, was primarily attributable to an increase in gross profit from our recycling products from RMB0.3 million for the year ended December 31, 2023 to RMB34.2 million for the year ended December 31, 2024.

We recorded an overall-gross loss margin of 5.7% for the year ended December 31, 2023 and gross profit margin of 0.1% for the year ended December 31, 2024.

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Gross profit and gross profit margin from the sales of recycling products

Gross profit from the sales of recycling products increased from RMB0.3 million for the year ended December 31, 2023 to RMB34.2 million for the year ended December 31, 2024, and gross profit margin from the sales of recycling products increased from 0.03% for the year ended December 31, 2023 to 3.5% for the year ended December 31, 2024, primarily due to (i) an improvement in market conditions in 2024, with a more moderate decline in the prices of lithium carbonate, nickel sulfate and cobalt sulfate compared to 2023; and (ii) our strategic acceleration of sales efforts, which enhanced inventory turnover and improved overall operating efficiency.

Gross loss and gross loss margin from the sales of hydrometallurgy products

We recorded a gross loss of RMB4.8 million and a gross loss margin of 18.5% for the year ended December 31, 2024. The gross loss was primarily attributable to the hydrometallurgy production line being in its ramp-up phase during the two months following its commencement in November 2024 and an elevated cost of sales driven by increased depreciation charges on new building and machinery.

Gross profit and gross profit margin from the sales of cascade utilization products

Gross profit from the sales of cascade utilization products decreased by 50.6% from RMB10.6 million for the year ended December 31, 2023 to RMB5.3 million for the year ended December 31, 2024, and gross profit margin from the sales of cascade utilization products decreased from 5.9% for the year ended December 31, 2023 to 3.3% for the year ended December 31, 2024. The decrease in gross profit and gross profit margin was primarily due to the decline in the average selling price of our cascade utilization products by 55.6% from RMB576 per kWh for the year ended December 31, 2023 to RMB256 per kWh for the year ended December 31, 2024, despite a 99.9% increase in sales volume from 314,296 kWh for the year ended December 31, 2023 to 628,283 kWh for the year ended December 31, 2024, which was primarily due to the sales of products processed from downgraded battery cell raw materials we procured in 2023 at relatively higher prices. In view of the sharp market downturn in 2024, we accelerated sales of relevant products during the same year to mitigate further losses.

Other income and gains

Our other income and gains increased from RMB13.6 million for the year ended December 31, 2023 to RMB22.5 million for the year ended December 31, 2024, primarily due to (i) an increase in gains on disposal of right-of-use assets from RMB13,000 for the year ended December 31, 2023 to RMB5.3 million for the year ended December 31, 2024 mainly because of the early lease termination of our Jiangmen Base in 2024 and (ii) an increase in gains on disposal of a subsidiary from nil for the year ended December 31, 2023 to RMB4.3 million for the year ended December 31, 2024 which was in connection with our disposal of Guangdong Environmental Protection in 2024.

Selling and distribution expenses

Our selling and distribution expenses remained relatively stable and were RMB3.5 million and RMB3.5 million for the years ended December 31, 2023 and 2024, respectively.

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Administrative expenses

Our administrative expenses increased from RMB53.7 million for the year ended December 31, 2023 to RMB64.4 million for the year ended December 31, 2024 primarily due to an increase in staff cost from RMB31.0 million for the year ended December 31, 2023 to RMB38.7 million for the year ended December 31, 2024 mainly as a result of certain personnel recruited in advance for the commencement of our hydrometallurgy production line in 2024.

Research and development expenses

Our research and development expenses were RMB33.9 million and RMB32.7 million, respectively, for the years ended December 31, 2023 and 2024, and remained relatively stable.

Impairment reversal/losses on financial assets, net

Our reversal of impairment on financial assets was RMB0.3 million for the year ended December 31, 2023, primarily due to our efforts to collect outstanding trade and bills receivables and other receivables. Our impairment losses on financial assets, net was RMB3.6 million for the year ended December 31, 2024, which was in line with the increase in our trade and bills receivables balance as of December 31, 2024 as compared to December 31, 2023.

Other expenses

Our other expenses decreased from RMB0.8 million for the year ended December 31, 2023 to RMB0.5 million for the year ended December 31, 2024 primarily due to a decrease in non-operating expenses from RMB0.6 million for the year ended December 31, 2023 to RMB62,000 for the year ended December 31, 2024.

Finance costs

Our finance costs increased from RMB7.4 million for the year ended December 31, 2023 to RMB13.5 million for the year ended December 31, 2024. This increase was mainly attributable to an increase in interest on interest-bearing bank borrowings from RMB6.2 million for the year ended December 31, 2023 to RMB15.2 million for the year ended December 31, 2024, which was primarily due to the increase in interest-bearing bank borrowings to finance our business operations.

Income tax expense or credit

We did not have any income tax expense or credit for the years ended December 31, 2023 and 2024 because we did not record any taxable income.

Loss for the year

As a result of the foregoing, our loss for the year decreased from RMB151.4 million for the year ended December 31, 2023 to RMB95.1 million for the year ended December 31, 2024.

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DESCRIPTION OF MAJOR LINE ITEMS IN OUR CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Current Assets and Liabilities

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	March 31,
	RMB'000	RMB'000	RMB'000	2026
				(unaudited)
Current Assets				
Inventories	242,766	170,299	207,232	272,835
Trade and bills receivables	48,823	82,437	115,939	83,331
Prepayments, other receivable and other assets	105,901	120,437	115,565	204,579
Financial assets at fair value through profit or loss	–	452	50,300	755
Pledged and restricted deposits	6,000	20,000	9,389	9,389
Cash and cash equivalents	<u>57,463</u>	<u>81,545</u>	<u>92,763</u>	<u>85,450</u>
	<u>460,953</u>	<u>475,170</u>	<u>591,188</u>	<u>656,339</u>
Current Liabilities				
Trade and bills payables	9,682	22,677	86,091	67,810
Interest-bearing bank borrowings	145,314	287,773	314,857	369,932
Other payables and accruals	29,315	87,713	53,608	54,011
Contract liabilities	10,099	2,607	33,003	36,715
Lease liabilities	<u>9,663</u>	<u>4,948</u>	<u>5,576</u>	<u>5,599</u>
	<u>204,073</u>	<u>405,718</u>	<u>493,135</u>	<u>534,067</u>
Net Current Assets	<u>256,880</u>	<u>69,452</u>	<u>98,053</u>	<u>122,272</u>

Our net current assets decreased from RMB256.9 million as of December 31, 2023 to RMB69.5 million as of December 31, 2024 primarily due to (i) an increase of RMB142.5 million in interest-bearing bank borrowings; and (ii) a decrease of RMB72.5 million in inventories.

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Our net current assets increased from RMB69.5 million as of December 31, 2024 to RMB98.1 million as of December 31, 2025 primarily due to (i) an increase of RMB49.8 million in financial assets as fair value through profit or loss; and (ii) an increase of RMB33.5 million in trade and bills receivables, partially offset by an increase of RMB63.4 million in trade and bills payables.

Our net current asset increased from RMB98.1 million as of December 31, 2025 to RMB122.3 million as of March 31, 2026 primarily due to (i) an increase of RMB89.0 million in prepayments, other receivable and other assets; and (ii) an increase of RMB65.6 million in inventories, both of which were primarily due to our procurement of raw materials for future production plans, partially offset by an increase of RMB55.1 million in interest-bearing bank borrowings.

We had a net assets position as of December 31, 2023, 2024 and 2025. Our net assets decreased from RMB419.5 million as of December 31, 2023 to RMB328.8 million as of December 31, 2024, which was primarily attributable to our total comprehensive loss of RMB95.1 million for the year ended December 31, 2024. Our net assets increased from RMB328.8 million as of December 31, 2024 to RMB343.2 million as of December 31, 2025, which was primarily attributable to our total comprehensive income of RMB16.1 million for the year ended December 31, 2025. See “Consolidated Statements of Changes in Equity” in the Accountants’ Report in Appendix I to this document for further details.

Inventories

Our inventories primarily consist of (i) raw materials and consumables; (ii) work in progress; and (iii) finished goods. The following table sets forth a breakdown of our inventories as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Raw materials and consumables	40,869	57,239	75,659
Work in progress	–	3	5,721
Finished goods	<u>201,897</u>	<u>113,057</u>	<u>125,852</u>
Total	<u><u>242,766</u></u>	<u><u>170,299</u></u>	<u><u>207,232</u></u>

Our inventories decreased by 29.9% from RMB242.8 million as of December 31, 2023 to RMB170.3 million as of December 31, 2024, which was mainly attributable to a decrease of RMB88.8 million in finished goods. This decrease was mainly driven by our accelerated sales in the fourth quarter of 2024, as we anticipated a continued downward trend in market prices for 2025. Our inventories increased by 21.7% from RMB170.3 million as of December 31, 2024 to RMB207.2 million as of December 31, 2025, which was mainly attributable to (i) an increase of RMB18.4 million in raw materials and consumables to support our hydrometallurgy production line at our Jiangmen Base; and (ii) an increase of RMB12.8 million in finished goods for stocking purposes in anticipation of sales in the coming year.

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

	As of December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within one year	241,689	158,202	206,548
One to two years	1,077	12,097	208
Two to three years	<u>–</u>	<u>–</u>	<u>476</u>
Total	<u>242,766</u>	<u>170,299</u>	<u>207,232</u>

The following table sets forth the average turnover days of our inventories as of the dates indicated:

	Year ended December 31,		
	2023	2024	2025
Average inventory turnover days	<u>57</u>	<u>64</u>	<u>49</u>

Note: Average inventory turnover days are calculated by dividing the average of the opening and closing balance of inventories by cost of sales and multiplying by 365 days for the years ended December 31, 2023, 2024 and 2025.

Our average inventory turnover days increased from 57 days for the year ended December 31, 2023 to 64 days for the year ended December 31, 2024 because of a significant decline in raw material market prices in 2024. The drop in raw material costs reduced our cost of sales, which outpaced the decrease in our inventories. Our average inventory turnover days decreased from 64 days for the year ended December 31, 2024 to 49 days for the year ended December 31, 2025. This was mainly due to an upward trend in market prices of our major raw materials during the fourth quarter of 2025, which led to a faster increase in our cost of sales.

As of March 31, 2026, approximately RMB161.6 million, or 78.0% of our inventories as of December 31, 2025 had been utilized or sold.

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Trade and bills receivables

Our trade and bills receivables consist of trade receivables and bills receivables, net of impairment. The following table sets forth a breakdown of our trade and bills receivables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade receivables	37,180	71,510	100,287
Bills receivables, carried at amortized cost	13,539	9,617	282
Bills receivable from third parties, measured at fair value through other comprehensive income	–	7,283	22,800
Impairment	<u>(1,896)</u>	<u>(5,973)</u>	<u>(7,430)</u>
Net carrying amount	<u>48,823</u>	<u>82,437</u>	<u>115,939</u>

Our trade and bills receivables were RMB48.8 million, RMB82.4 million and RMB115.9 million as of December 31, 2023, 2024 and 2025, respectively. The increase in our trade and bills receivables during the Track Record Period, which was in line with the increase in our revenue, was primarily attributable to our business expansion in the relevant years. Our bills receivables increased mainly because an increasing number of customers chose to settle with bank acceptance bills. We generally require customers to pay a certain percentage of payment in advance, with the balance settled after goods delivery and mutual confirmation of the settlement statement. We generally grant a credit period of nil to 45 days to customers. The following table sets forth the aging analysis of our trade and bills receivables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within three months	48,823	82,178	115,583
Three to six months	–	234	342
Six months to one year	–	25	4
One to two years	<u>–</u>	<u>–</u>	<u>10</u>
Total	<u>48,823</u>	<u>82,437</u>	<u>115,939</u>

The following table sets forth the average turnover days of our trade and bills receivables for the years indicated:

	For the year ended December 31,		
	2023	2024	2025
Average trade and bills receivables turnover days	<u>16</u>	<u>20</u>	<u>24</u>

Note: Average trade and bills receivables turnover days are calculated by dividing the average of the opening and closing balance of trade and bills receivables by revenue and multiplying by 365 days.

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Our average trade and bills receivables turnover days increased from 16 days for the year ended December 31, 2023 to 20 days for the year ended December 31, 2024 and further increased to 24 days for the year ended December 31, 2025 as growth of our trade and bills receivables outpaced the growth of our revenue, partially driven by slight delays in payment cycles for some customers for the years ended December 31, 2024 and 2025.

As of March 31, 2026, RMB106.3 million, or 86.2% of our trade and bills receivables as of December 31, 2025 was settled.

Prepayments, other receivables and other assets

Our prepayments, other receivables and other assets primarily include (i) prepayment for materials, which are mainly in relation to prepayments for raw material purchases; (ii) prepayment for equipment and construction, such as progress payments prepaid for equipment purchases and progress payments prepaid for construction projects; (iii) other long term assets, which are mainly in relation to production auxiliary materials prepared for the commissioning of the hydrometallurgy production line at our Jiangmen Base; (iv) other prepayments; (v) deposits; (vi) value-added tax recoverable; (vii) prepaid income tax; and (viii) other receivables. The following table sets forth the breakdown of our prepayments, other receivables and other assets as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Prepayment for materials	20,171	66,390	59,937
Prepayment for equipment and construction	21,194	9,933	5,704
Other long term assets	–	11,823	11,823
Other prepayments	790	1,618	1,671
Deposits	22,416	10,304	8,965
Value-added tax recoverable	54,167	42,283	45,368
Prepaid income tax	8,131	–	–
Other receivables	<u>8,251</u>	<u>7,229</u>	<u>7,148</u>
Less: Impairment losses	(8,025)	(7,387)	(7,524)
Less: Non-current portion	<u>(21,194)</u>	<u>(21,756)</u>	<u>(17,527)</u>
Total	<u><u>105,901</u></u>	<u><u>120,437</u></u>	<u><u>115,565</u></u>

Our prepayments, other receivables and other assets increased by 13.7% from RMB105.9 million as of December 31, 2023 to RMB120.4 million as of December 31, 2024, which was primarily due to (i) an increase in prepayment for materials from RMB20.2 million as of December 31, 2023 to RMB66.4 million as of December 31, 2024 mainly as a result of our expansion of upstream supply channels and increased procurement of raw materials; and (ii) an increase in other long term assets from nil as of December 31, 2023 to RMB11.8 million as of December 31, 2024 mainly as a result of the commissioning of the hydrometallurgy production line at our Jiangmen Base, partially offset by (i) a decrease in value-added tax recoverable mainly as a result of the utilization of input VAT carried forward from 2023 to offset output VAT arising from sales in 2024; (ii) a decrease in prepayment for

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equipment and construction mainly as a result of the completion of the construction project of our Jiangmen Base; and (iii) a decrease in deposits mainly as a result of the release of project deposits upon the completion and settlement of the infrastructure works for our Jiangmen Base. Our prepayments, other receivables and other assets decreased from RMB120.4 million as of December 31, 2024 to RMB115.6 million as of December 31, 2025, primarily due to a decrease in prepayment for materials from RMB66.4 million as of December 31, 2024 to RMB59.9 million as of December 31, 2025 mainly as a result of our negotiation with suppliers for more favorable payment arrangements.

Financial assets at fair value through profit or loss

We had financial assets at fair value through profit or loss of nil, RMB0.5 million and RMB50.3 million as of December 31, 2023, 2024 and 2025, respectively, representing the fair value of wealth management products we purchased from banks in the PRC.

We would invest in financial products in accordance with our internal investment policies. After the [REDACTED], we will consider investing in financial products when we have surplus cash that is not required for any of our working capital purposes so as to gain higher investment returns on our excess cash than regular bank deposits. In general, we will consider factors such as investment target, investment term, investment amount, expected return rate, source of capital and relevant risk analysis with respect to our investment decisions and compile investment proposals which will be reviewed and approved by the Board. The Board will review the status of our major investments. After the [REDACTED], we will strictly comply with requirements under Chapter 14 of the Listing Rules and our internal policies when making investment in such financial products.

Trade and bills payables

Our trade and bills payables primarily represent payables to suppliers for the procurement of raw materials of our products. Our trade and bills payables increased by 134.2% from RMB9.7 million as of December 31, 2023 to RMB22.7 million as of December 31, 2024, and further increased by 279.6% to RMB86.1 million as of December 31, 2025. The increase was mainly due to increased purchases of raw materials to meet the needs of our production and sales. The following table sets forth a breakdown of our trade and bills payables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade payables	9,682	22,677	77,311
Bills payables	—	—	8,780
Total	9,682	22,677	86,091

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

	As of December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within one year	9,682	22,275	85,008
One to two years	–	402	695
Two to three years	<u>–</u>	<u>–</u>	<u>388</u>
Total	<u>9,682</u>	<u>22,677</u>	<u>86,091</u>

Trade and bills payables are non-interest-bearing. Our suppliers generally require us to pay a certain percentage of payment in advance, with the balance settled after goods delivery and mutual confirmation of the settlement statement. Our suppliers generally grant us a credit period of nil to 10 days. At the end of each year of the Track Record Period, the carrying amounts of trade and bills payables approximated to their fair values.

The following table sets forth our average trade and bills payables turnover days for the years indicated:

	Year ended December 31,		
	2023	2024	2025
Average trade and bills payables turnover days	<u>3</u>	<u>5</u>	<u>14</u>

Note: Average trade and bills payables turnover days are calculated by dividing the average of the opening and closing balance of trade and bills payables by cost of sales and multiplying by 365 days.

Our average trade and bills payables turnover days remained relatively stable and were three days and five days for the year ended December 31, 2023 and 2024, respectively. Our average trade and bills payables turnover days increased from five days for the year ended December 31, 2024 to 14 days for the year ended December 31, 2025 because of the growth of trade and bills payable balance outpaces that of cost of sales.

As of March 31, 2026, RMB70.2 million, or 81.6% of our trade and bills payables as of December 31, 2025 was settled.

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Other payables and accruals

Our other payables and accruals primarily represent (i) payroll and welfare payable; (ii) payables for purchase of property, plant, and equipment; (iii) security deposit; (iv) service fee payables; (v) investment received in advance; (vi) other tax payables; and (vii) others.

The following tables set forth the breakdown of our other payables and accruals as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Payroll and welfare payable	5,138	7,232	7,032
Payables for purchase of property, plant and equipment	5,831	66,528	16,725
Security deposit	1,169	1,230	750
Service fee payables	337	7,522	7,710
Investment received in advance	–	–	10,000
Other tax payables	1,960	945	3,115
Others	14,880	4,256	8,276
Total	<u>29,315</u>	<u>87,713</u>	<u>53,608</u>

Our other payables and accruals increased from RMB29.3 million as of December 31, 2023 to RMB87.7 million as of December 31, 2024, primarily due to an increase in payables for purchase of property, plant, and equipment mainly due to capital expenditures for our processing capacity expansion. Our other payables and accruals decreased to RMB53.6 million as of December 31, 2025, primarily due to a decrease in payables for purchase of property, plant, and equipment mainly as a result of the completion of construction project of our Jiangmen Base, partially offset by an increase of RMB10.0 million in investment received in advance.

Contract liabilities

Our contract liabilities, primarily representing advances from customers, were RMB10.1 million, RMB2.6 million and RMB33.0 million as of December 31, 2023, 2024 and 2025, respectively.

Our contract liabilities decreased from RMB10.1 million as of December 31, 2023 to RMB2.6 million as of December 31, 2024, primarily due to lower advance payments from customers amid weaker market conditions in 2024. Our contract liabilities increased from RMB2.6 million as of December 31, 2024 to RMB33.0 million as of December 31, 2025, primarily due to the increase in sales which require advance payments, supported by the improvement in market conditions during the fourth quarter of 2025.

As of March 31, 2026, RMB19.6 million, or 59.4% of our contract liabilities as of December 31, 2025 was recognized as revenue.

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Non-Current Assets and Liabilities

Property, plant and equipment

Our property, plant and equipment primarily consist of (i) buildings; (ii) machinery; (iii) construction in progress; (iv) leasehold improvement; and (v) others. The following table sets forth a breakdown of the net carry amount of our property, plant and equipment as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Buildings	–	205,157	197,440
Machinery	12,387	113,371	113,145
Construction in progress	205,894	84,934	114,454
Leasehold improvement	16,576	12,938	15,621
Others	6,232	4,317	2,580
Total	241,089	420,717	443,240

Our property, plant and equipment increased by 74.5% from RMB241.1 million as of December 31, 2023, to RMB420.7 million as of December 31, 2024 primarily due to the completion of the construction of our Jiangmen Base, which resulted in additions to factory buildings and machinery. Our property, plant and equipment remained relatively stable at RMB420.7 million as of December 31, 2024 and RMB443.2 million as of December 31, 2025.

Right-of-use assets

Our right-of-use assets represent our land and buildings. The following table sets forth a breakdown of our right-of-use assets as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Land	46,059	71,280	69,441
Buildings	110,051	22,569	17,948
Total	156,110	93,849	87,389

Our right-of-use assets decreased by 39.9% from RMB156.1 million as of December 31, 2023 to RMB93.8 million as of December 31, 2024, which was primarily due to a decrease in right-of-use assets related to buildings resulting from the early termination of our lease of Jiangmen Base in 2024. Our right-of-use assets decreased from RMB93.8 million as of December 31, 2024 to RMB87.4 million as of December 31, 2025 and such decrease was primarily due to depreciation.

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Intangible assets

Our intangible assets primarily consist of software, trade marks and patents. Our intangible assets decreased from RMB4.9 million as of December 31, 2023 to RMB4.3 million as of December 31, 2024, and further decreased to RMB3.8 million as of December 31, 2025 primarily due to amortization of our software, trademarks and patents.

LIQUIDITY AND CAPITAL RESOURCES

We have historically funded our cash requirements primarily with net cash generated from our operations, bank borrowings and financing activities. As of December 31, 2025, we had cash and cash equivalents of RMB92.8 million, which primarily consisted of cash and bank balances.

Cash flows

The following table sets forth selected cash flow data from our consolidated statements of cash flows for the years indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Net cash flows (used in)/generated			
from operating activities	(268,524)	(48,991)	86,549
Net cash flows used in investing activities	(219,884)	(132,870)	(153,422)
Net cash flows generated from financing activities	<u>487,249</u>	<u>205,943</u>	<u>78,186</u>
Net (decrease)/increase in cash and cash equivalents	(1,159)	24,082	11,313
Cash and cash equivalents at beginning of year	<u>58,622</u>	<u>57,463</u>	<u>81,545</u>
Effect of foreign exchange rate changes, net	–	–	(95)
Cash and cash equivalents at end of year	<u>57,463</u>	<u>81,545</u>	<u>92,763</u>

Net cash flows used in or generated from operating activities

Our cash flows from operating activities mainly reflect our profit before tax adjusted for (i) certain non-cash or non-operating activities related items such as depreciation, amortization, and impairment losses on inventories; and (ii) the effect of changes in working capital, such as changes in inventories, trade and bills receivables, prepayments, other receivables and other assets, and trade and bills payables.

For the year ended December 31, 2025, we had net cash generated from operating activities of RMB86.5 million, resulting from our profit for the year of RMB16.2 million, as adjusted by non-cash and non-operational items, primarily comprising (i) depreciation of items of property, plant and equipment of RMB29.1 million; (ii) an increase in trade and bills payables of RMB63.4 million and (iii) an increase in contract liabilities of RMB30.4 million, partially offset by an increase in trade and bills receivables of RMB62.9 million.

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For the year ended December 31, 2024, we had net cash used in operating activities of RMB49.0 million, resulting from our loss before tax of RMB95.1 million, as adjusted by non-cash and non-operational items, primarily comprising (i) depreciation of items of property, plant and equipment of RMB9.2 million; (ii) depreciation of right-of-use assets of RMB12.6 million; (iii) impairment loss on inventory of RMB34.3 million; (iv) a decrease in inventories of RMB38.1 million; (v) an increase in trade and bills payables of RMB13.2 million; and (vi) an increase in other payables and accruals of RMB30.4 million, partially offset by (i) an increase in trade and bills receivables of RMB58.0 million; (ii) an increase in pledged and restricted deposits of RMB14.0 million; and (iii) an increase in prepayments, other receivables and other assets of RMB16.8 million.

For the year ended December 31, 2023, we had net cash used in operating activities of RMB268.5 million, resulting from our loss before tax of RMB151.4 million, as adjusted by non-cash and non-operational items, primarily comprising (i) depreciation of right-of-use assets of RMB10.2 million; and (ii) impairment losses on inventory of RMB76.9 million, partially offset by increase in inventories of RMB178.4 million.

Net cash flows used in investing activities

For the year ended December 31, 2025, we had net cash used in investing activities amounted to RMB153.4 million, primarily attributable to (i) the purchase of financial assets at fair value through profit or loss of RMB206.3 million; and (ii) the purchase of property, plant and equipment of RMB103.9 million, partially offset by the proceeds from disposal of financial assets at fair value through profit or loss of RMB156.6 million.

For the year ended December 31, 2024, our net cash used in investing activities amounted to RMB132.9 million, primarily attributable to (i) the purchase of financial assets at fair value through profit or loss of RMB306.2 million; and (ii) the purchase of property, plant and equipment of RMB140.5 million, partially offset by the proceeds from disposal of financial assets at fair value through profit or loss of RMB306.9 million.

For the year ended December 31, 2023, our net cash used in investing activities amounted to RMB219.9 million, primarily attributable to the purchase of property, plant and equipment of RMB222.0 million, partially offset by the proceeds from disposal of financial assets at fair value through profit or loss of RMB2.2 million.

Net cash flows generated from financing activities

For the year ended December 31, 2025, our net cash generated from financing activities amounted to RMB78.2 million, primarily resulted from the interest-bearing bank borrowing received of RMB373.7 million, partially offset by interest-bearing bank borrowing repaid of RMB285.5 million.

For the year ended December 31, 2024, our net cash generated from financing activities amounted to RMB205.9 million, primarily resulted from the interest-bearing bank borrowing received of RMB407.4 million, partially offset by interest-bearing bank borrowing repaid of RMB178.4 million.

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For the year ended December 31, 2023, our net cash generated from financing activities amounted to RMB487.2 million, primarily resulted from (i) the capital received of RMB310.0 million; and (ii) the interest-bearing bank borrowing received of RMB300.1 million, partially offset by interest-bearing bank borrowing repaid of RMB104.4 million.

Working capital sufficiency

As of March 31, 2026, we had cash and cash equivalents of RMB85.5 million. Taking into account the financial resources available to us, including our cash and cash equivalents on hand, cash flow generated from operating activities, [REDACTED] from the [REDACTED] and other financing activities, in the absence of unforeseeable circumstances, our Directors are of the opinion that we have sufficient working capital to meet our present and future requirements for at least the next 12 months from the date of publication of this document.

INDEBTEDNESS

Our indebtedness primarily consisted of interest-bearing bank borrowings, and lease liabilities. As of December 31, 2023, 2024 and 2025 and March 31, 2026, except as disclosed below, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance or other similar indebtedness, acceptance credits, hire purchase commitments, or any guarantees.

The following table sets forth a breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of
	2023	2024	2025	March 31,
	RMB'000	RMB'000	RMB'000	2026
				RMB'000
				(unaudited)
Current				
Interest-bearing bank borrowings	145,314	287,773	314,857	369,932
Lease liabilities	9,663	4,948	5,576	5,599
Non-current				
Interest-bearing bank borrowings	154,801	223,919	258,343	262,474
Lease liabilities	105,878	18,370	13,407	12,031
Total	415,656	535,010	592,183	650,036

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Interest-bearing bank borrowings

The following table sets forth our interest-bearing bank borrowings as of the dates indicated:

	As of December 31,			As of
	2023	2024	2025	March 31,
	RMB'000	RMB'000	RMB'000	2026
				(unaudited)
Interest-bearing bank borrowings				
Current				
Bank loans — secured	139,918	67,851	9,988	9,987
Bank loans — unsecured	5,280	186,348	271,837	300,583
Current portion of long-term bank loans — secured	116	33,574	32,431	29,431
Current portion of long-term bank loans — unsecured	<u>—</u>	<u>—</u>	<u>601</u>	<u>29,931</u>
Subtotal	<u>145,314</u>	<u>287,773</u>	<u>314,857</u>	<u>369,932</u>
Non-current				
Bank loans — secured	154,801	223,919	224,293	257,774
Bank loans — unsecured	<u>—</u>	<u>—</u>	<u>34,050</u>	<u>4,700</u>
Subtotal	<u>154,801</u>	<u>223,919</u>	<u>258,343</u>	<u>262,474</u>
Total	<u>300,115</u>	<u>511,692</u>	<u>573,200</u>	<u>632,406</u>

Our interest-bearing bank borrowings were RMB300.1 million, RMB511.7 million and RMB573.2 million as of December 31, 2023, 2024 and 2025, respectively. The general increase in balances of bank loans as of December 31, 2023 to as of December 31, 2024 and further to as of December 31, 2025 primarily due to our increasing working capital needs following our business expansion. Our interest-bearing bank borrowings were mainly used for general working capital purposes and to finance our construction of Shenzhen Base and Jiangmen Base. Our interest-bearing bank borrowings during the Track Record Period were all dominated in RMB with effective interest rates ranging from 0.71% to 3.95%. Our interest-bearing bank borrowings were guaranteed by Mr. Zheng, or guaranteed jointly by Mr. Zheng, our Group and Guangdong Jiecheng New Energy Materials Technology Co., Ltd, or secured by assets of our Group, or pledged by our trade and bills receivables. Our Directors confirm that all guarantees provided by Mr. Zheng in relation to our bank borrowings will be released upon the [REDACTED]. See Note 24 to the Accountants’ Report in Appendix I to this document for further details.

As of March 31, 2026, we had aggregate banking facilities of RMB1,080.0 million and had drawn down RMB533.9 million, with unutilized banking facilities of RMB546.1 million.

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Our bank borrowing agreements contain standard terms, conditions and covenants that are customary for commercial bank loans. For example, we are required to maintain our asset-liability ratio not exceeding a specified level, or be restricted from declaring or paying dividends, among other covenants, as stipulated in the relevant agreements. As of December 31, 2023, 2024 and 2025, we were not in violation of the covenants related to bank loans. Our Directors confirm that we did not experience any difficulty in obtaining bank borrowings, default in payment of bank borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date. Given our credit history and our current credit status, we believe that we will not encounter any major difficulties in obtaining additional or renewal of bank borrowings in the future.

Lease liabilities

The following table sets forth our lease liabilities as of the dates indicated:

	As of December 31,			As of
	2023	2024	2025	March 31,
	RMB'000	RMB'000	RMB'000	2026
				RMB'000
				(unaudited)
Current	9,663	4,948	5,576	5,599
Non-current	<u>105,878</u>	<u>18,370</u>	<u>13,407</u>	<u>12,031</u>
Total	<u><u>115,541</u></u>	<u><u>23,318</u></u>	<u><u>18,983</u></u>	<u><u>17,630</u></u>

During the Track Record Period, our lease liabilities were mainly related to the leasing of offices for business operations. Our lease liabilities decreased from RMB115.5 million as of December 31, 2023 to RMB23.3 million as of December 31, 2024, which was primarily due to the early termination of our lease of Jiangmen Base. Our lease liabilities further decreased to RMB19.0 million as of December 31, 2025, which was primarily due to our rent payments.

CONTINGENT LIABILITIES

See Note 35 to the Accountants’ Report in Appendix I to this document for further details.

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CAPITAL COMMITMENTS AND CAPITAL EXPENDITURE

Capital commitments

As of December 31, 2023, 2024 and 2025, our capital commitments were RMB195.7 million, RMB83.5 million and RMB264.1 million, respectively. The following table sets forth our capital commitment as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Contracted, but not provided for:			
Property, plant and equipment	195,687	83,461	235,317
Acquisition of a third party	—	—	28,733
Total	<u>195,687</u>	<u>83,461</u>	<u>264,050</u>

Capital expenditure

The following table sets forth our capital expenditure as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Purchase of items of property, plant and equipment	222,046	140,509	103,856
Purchase of intangible asset	11	—	—
Purchase of items of land use rights	—	26,471	—
Purchase of other long term assets	—	11,823	—
Total	<u>222,057</u>	<u>178,803</u>	<u>103,856</u>

For the years ended December 31, 2023, 2024 and 2025, our capital expenditure amounted to RMB222.1 million, RMB178.8 million and RMB103.9 million, respectively. We intend to fund our planned capital expenditures through a combination of cash generated from operating activities, financing activities as well as the [REDACTED] from the [REDACTED]. In addition, we may incur additional capital expenditures from time to time as we pursue new opportunities to expand our business.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

During the Track Record Period and up to the Latest Practicable Date, we did not enter into any off-balance sheet arrangements.

FINANCIAL INFORMATION

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. See Note 34 to the Accountants’ Report in Appendix I to this document for further details.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios as of the dates or for the years indicated:

	As of/For the year ended December 31,		
	2023	2024	2025
Net (loss)/profit margin ⁽¹⁾ (%)	(13.1)	(8.1)	1.1
Current ratio ⁽²⁾ (Times)	2.3	1.2	1.2
Quick ratio ⁽³⁾ (Times)	1.1	0.8	0.8
Gearing ratio ⁽⁴⁾ (%)	99.1	162.7	172.6

Notes:

- (1) Net profit margin equals to net profit for the year divided by revenue for the year and multiplied by 100%.
- (2) Current ratio is calculated based on total current assets divided by total current liabilities.
- (3) Quick ratio is calculated based on total current assets less inventories divided by total current liabilities.
- (4) Gearing ratio is calculated based on total indebtedness (including bank borrowings and lease liabilities) divided by total equity and multiplied by 100%.

FINANCIAL RISKS

We are exposed to various types of financial risks in the ordinary course of business, including credit risk, interest rate risk and liquidity risk. Our overall risk management strategy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance. See Note 38 to the Accountants’ Report in Appendix I to this document for further details.

DIVIDENDS AND DIVIDEND POLICY

No dividend has been paid or declared by our Company during the Track Record Period. We currently do not have a fixed dividend payout ratio. Any future determination to declare and pay any dividends will be at the discretion of our Board and will depend on, among other things, our earnings, financial condition, capital requirements, level of indebtedness, statutory and contractual restrictions applying to the payment of dividends and other considerations that our Board deems relevant. In addition, any final dividends for a financial year will be subject to our Shareholders’ approval.

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According to relevant PRC laws, any future net profit that we make will have to be first applied to make up for our historically accumulated losses, 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 will, therefore, only be able to declare dividends after: (i) all our historically accumulated losses have been made up for; and (ii) we have allocated sufficient net profit to our statutory common reserve fund as described above.

DISTRIBUTABLE RESERVES

As of December 31, 2025, we had accumulated losses of RMB186.2 million, as such our Company did not have any distributable reserves available for distribution to our Shareholders.

PROPERTY INTERESTS AND PROPERTY VALUATION

Colliers Appraisal and Advisory Services (Shanghai) Co., Ltd., an independent property valuer, has valued our selective property interests and is of the opinion that the fair value of such property interests as of March 31, 2026 was approximately RMB245.3 million. The full text of the valuation report and the valuation certificate are set forth in Appendix VI to this document.

A reconciliation between the net book value of our selective property interests in our financial statements as of December 31, 2025 and the market value of our selective property interests as of March 31, 2026 as required under Rule 5.07 of the Listing Rules is set forth below:

	<i>(RMB in thousand)</i>
Net book value of property interest as of December 31, 2025	241,587
Movements during the three months ended March 31, 2026	(2,700)
Net book value of property interest as of March 31, 2026	<u>238,887</u>
Valuation surplus	<u>6,403</u>
Valuation as of March 31, 2026	<u><u>245,290</u></u>

[REDACTED] STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

See “[REDACTED] Financial Information” in Appendix II to this document for further details.

[REDACTED] EXPENSES

[REDACTED] expenses represent professional fees, [REDACTED] commissions and other fees incurred in connection with the [REDACTED]. We expect to incur total [REDACTED] expenses of approximately RMB[REDACTED] million (assuming the [REDACTED] is not exercised and based on the [REDACTED] of HK\$[REDACTED] per [REDACTED], being the mid-point of the indicative [REDACTED] range), representing [REDACTED]% of the [REDACTED] of the [REDACTED] assuming no H Shares are issued pursuant to the [REDACTED]. The total [REDACTED] expenses consist of (i) approximately RMB[REDACTED] million [REDACTED] related expenses (including [REDACTED] commissions, SFC transaction levy, Stock Exchange trading fees and AFRC transaction levy); and (ii) approximately RMB[REDACTED] million non-[REDACTED] related expenses (including

FINANCIAL INFORMATION

(a) fees and expenses of legal advisors and reporting accountants of approximately RMB[REDACTED] million; and (b) other fees and expenses of approximately RMB[REDACTED] million). During the Track Record Period, we did not incur any [REDACTED] expenses. We expect to incur additional [REDACTED] expenses of approximately RMB[REDACTED] million after the Track Record Period, approximately RMB[REDACTED] million of which is expected to be charged to our statements of profit or loss, and approximately RMB[REDACTED] million of which is attributable to the issue of H Shares and will be deducted from equity upon the [REDACTED]. The [REDACTED] expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

NO MATERIAL ADVERSE CHANGE

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 and [REDACTED] position or prospects since December 31, 2025, and there is no event since December 31, 2025 which would materially affect the information shown in the Accountants’ Report in Appendix I to this document.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

We confirm that, as of the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rule 13.13 to 13.19 of the Listing Rules.

EVENTS AFTER THE TRACK RECORD PERIOD

See Note 39 to the Accountants’ Report in Appendix I to this document for further details.

FUTURE PLANS AND USE OF [REDACTED]

FUTURE PLANS

For details of our future plans, see “Business — Our Strategies.”

USE OF [REDACTED]

We estimate that the entire [REDACTED] of the [REDACTED] will be approximately HK\$[REDACTED] million (after deduction of [REDACTED] fees and [REDACTED] and other estimated expenses payable by us in connection with the [REDACTED]), assuming that the [REDACTED] is not exercised and based on the [REDACTED] of HK\$[REDACTED] per [REDACTED]. If the [REDACTED] is exercised in full, we estimate that the additional [REDACTED] that we receive from the [REDACTED] of these additional Shares will be approximately HK\$[REDACTED] million, after deducting the relevant expenses and based on the [REDACTED] of HK\$[REDACTED] per [REDACTED]. We plan to allocate the [REDACTED] from the [REDACTED] in the following manner:

- Approximately [REDACTED]% (or HK\$[REDACTED] million) will be used for the construction of a recycling and dismantling plant located in Jiangmen City, Guangdong Province (“**Jiangmen Phase II Plant**”) within the next two years. The plant is designed with an annual processing capacity of 46,720 tons of materials such as used batteries, electrode sheet and industrial-grade lithium carbonate.

The Jiangmen Phase II Plant will expand our processing capacity, enhance production efficiency and delivery capability, better serve existing and potential customers, and further advance our expansion strategy. In 2025, driven by business growth, the utilization rate of our existing recycling-related production lines in Jiangmen Base was 92.0%.

Driven by the fast growth of the EV industry and ESS market, according to CIC, market demand for lithium batteries and relevant raw materials continues to grow. The lithium battery recycling volume in China is projected to grow at a CAGR of 45.2% from 2025 to 2030, reaching approximately 3.8 million tons by 2030, according to CIC. The proportion of recycled lithium batteries against total used batteries in China is expected to rise further to 72.6% by 2030, according to CIC. The continuous increase in the volume of used batteries will ensure ample raw materials supply, supporting our processing capacity expansion to meet rising market demand. The global lithium battery installed capacity is expected to grow at a CAGR of 22.7% from 2025 to 2030, according to CIC. Lithium battery materials sourced from recycling offer notable cost advantages over conventional mineral mining, underpinned by steady growth in the sales of recycled lithium battery materials. According to CIC, the market size of China’s recycling segment in the lithium battery recycling and material recovery industry by revenue was RMB20.1 billion in 2025 and is expected to increase to RMB313.1 billion in 2030, representing a CAGR of 73.2% from 2025 to 2030.

We plan to centralize our Group’s recycling and hydrometallurgical processing of ternary lithium batteries at our Jiangmen Base to form a closed-loop system, while arranging the recycling, and material regeneration of LFP batteries at our Jiangsu Base. The existing Jiangmen Base faces space limitations. The development of the Jiangmen Phase II Plant will expand our processing capacity, safeguard the integrity and efficiency of our ternary battery recycling chain, avoid space-induced operational disruptions, and reduce time spent on

FUTURE PLANS AND USE OF [REDACTED]

equipment changeovers at our Jiangsu Base, lifting overall operational efficiency. For the establishment of the Jiangmen Phase II Plant, we will invest in the following aspects:

- (i) approximately [REDACTED]% (or HK\$[REDACTED] million) is expected to be allocated to the land acquisition for the Jiangmen Phase II Plant with a total planned GFA of around 20,000 sq.m.. We plan to acquire strategically located plots with convenient supporting infrastructure and proximity to our existing Jiangmen Base. Relevant expenses mainly include land purchase costs, surveying fees, environmental assessment costs and other transaction-related charges;
 - (ii) approximately [REDACTED]% (or HK\$[REDACTED] million) is expected to be allocated to the construction of the Jiangmen Phase II Plant. The [REDACTED] will be utilized for the design and construction of production buildings for battery recycling production lines, including battery pack dismantling workshops, battery storage and discharging workshops, battery and electrode crushing workshops, and battery-grade lithium carbonate production workshops. The construction will take into account environmental sustainability, energy efficiency and scalability to adapt to future growth and technological advancements. Expenses will mainly cover construction material costs, labor costs, basic infrastructure, power supply facilities, utility charges and other pre-operation preparation costs relating to the project;
 - (iii) approximately [REDACTED]% (or HK\$[REDACTED] million) is expected to be allocated to the procurement and installation of production machinery and equipment. This includes advanced production facilities such as battery-grade lithium carbonate production equipment, battery crushing production lines, and cathode and anode crushing production lines to ensure high production efficiency, output quality and operational safety standards; and
 - (iv) approximately [REDACTED]% (or HK\$[REDACTED] million) is expected to be allocated to initial operating expenses of the Jiangmen Phase II Plant, including staff costs, staff training expenses, raw material costs, utility expenses after project completion, and other operating costs required for launching and sustaining daily operations of the plant.
- Approximately [REDACTED]% (or HK\$[REDACTED] million) will be allocated to the production line expansion project of LFP repair materials at our Jiangsu Base within the next two years. This project relates to our proprietary LFP high-purity electrode powder production technology. See “Business — Research and Development — R&D achievements and key technologies” for further details.

To optimize production processes, improve production line efficiency and align with the strategic focus of our Jiangmen Base on ternary hydrometallurgy, we adopt a geographic layout to separate our ternary lithium battery and LFP battery businesses. The expansion of the regenerated LFP cathode materials production line at our Jiangsu Base will allow us to increase product added value through technological upgrading, meet increasingly stringent

FUTURE PLANS AND USE OF [REDACTED]

regulatory standards and sustainable development needs, and further consolidate our market position and support future growth. Key expenditures include plant construction, procurement of production machinery and equipment, and funds for daily plant operations, in particular:

- (i) approximately [REDACTED]% (or HK\$[REDACTED] million) is expected to be allocated to the land acquisition for our Jiangsu Base with a total planned GFA of around 32,100 sq.m.. We plan to acquire the land our Jiangsu Base currently operates on. Our Jiangsu Base is currently leased from the local people’s government where we are given the option to buy the land at the end of our rental period in 2028 if the required conditions are satisfied. Relevant expenses mainly include land purchase prices, surveying fees, environmental assessment costs and other transaction-related charges;
 - (ii) approximately [REDACTED]% (or HK\$[REDACTED] million) will be allocated to the construction of production line for regenerated LFP cathode materials at our Jiangsu Base. This covers the design and construction of workshops for regenerated LFP cathode materials production, with full consideration of environmental sustainability, energy efficiency and scalability to accommodate future business expansion and technological progress. The construction costs primarily relate to construction materials and labor, supporting infrastructure, power facilities, utility expenses and other pre-opening expenses related to the project;
 - (iii) approximately [REDACTED]% (or HK\$[REDACTED] million) will be allocated to the purchase and installation of production machinery and equipment, including roller kilns, rotary kilns, closed-circuit jet mills, air compressor systems, electromagnetic iron separators and other core production equipment, to ensure high output, stable production efficiency, consistent product quality and compliance with operational safety standards; and
 - (iv) approximately [REDACTED]% (or HK\$[REDACTED] million) will be allocated to the initial operating expenses for the regenerated LFP cathode materials production line. This covers staffing, training, raw material procurement, utility expenses after project completion, and other operating costs incurred for launching and maintaining the daily operation of the production line.
- Approximately [REDACTED]% (or HK\$[REDACTED] million) will be allocated to the construction and enhancement of our R&D, to upgrade our new product R&D capabilities, reinforce overall R&D capacity and sustain our leading market position. The enhancement of our R&D capability and ongoing upgrade of our technologies are vital to advancing strategic R&D initiatives, including: (i) intelligent battery pack disassembly; (ii) refined dismantling for aluminum-shell batteries; (iii) calcium and impurity removal for cobalt-manganese salt solutions; (iv) high-nickel ternary powder recycling technology; and (v) high-compaction

FUTURE PLANS AND USE OF [REDACTED]

chemical repair processes for regenerated LFP cathode materials. These efforts will strengthen our innovation capabilities in battery recycling and new materials, and bolster our core market competitiveness. In particular:

- (i) approximately [REDACTED]% (or HK\$[REDACTED] million) will be allocated to the construction of an R&D center in Shenzhen within the next one to two years. We plan to construct new recycling pilot laboratories, recycling R&D laboratories and supporting auxiliary facilities in our Shenzhen Lithium Battery New Energy Building which was under construction as of the Latest Practicable Date;
 - (ii) approximately [REDACTED]% (or HK\$[REDACTED] million) will be allocated to the procurement of R&D hardware equipment within the next one to two years, including recycling pilot laboratories, recycling R&D laboratories, high-value utilization laboratories for used LFP battery waste, cell evaluation laboratories and new material pilot station; and
 - (iii) approximately [REDACTED]% (or HK\$[REDACTED] million) will be allocated to the expansion and reinforcement of our R&D team within the next two to three years. We intend to attract and retain R&D talents in recycling, cascade utilization and hydrometallurgy to further strengthen our R&D capabilities. We plan to recruit experienced R&D professionals with at least one to three years of working experience, who hold a bachelor’s degree or above in materials, metallurgy, electrochemistry, chemical engineering and other related engineering disciplines.
- Approximately [REDACTED]% (or HK\$[REDACTED] million) will be allocated to the repayment of the principal amounts and accrued interest of certain borrowings from five banks in China, in order to improve our gearing ratio and reduce finance costs. The effective interest rates of the relevant bank loans range from 2.60% to 3.05%, with maturities ranging from December 2026 to May 2027. The relevant bank loans are primarily used for the construction of and purchase of fixed assets at our Jiangmen Base, the construction of our Shenzhen Lithium Battery New Energy Building and general working capital purposes; and
 - Approximately [REDACTED]% (or HK\$[REDACTED] million) will be allocated to the establishment and development of our overseas presence to promote our products in overseas market, thereby driving the expansion of our global customer base and business reach. In particular:
 - (i) approximately [REDACTED]% (or HK\$[REDACTED] million) will be allocated to recruit sales, customer service and daily administrative personnel with extensive overseas sales experience and familiarity with international markets, to strengthen the development and maintenance of overseas customer relationships. We plan to complete such recruitment by 2027. In particular:

We plan to set up a new office and recruit personnel to the basis of our existing Hong Kong subsidiary, Jiecheng HK, to be responsible for the day-to-day administrative, financial and operation management of our overseas business activities. We also plan to moderately expand our overseas sales team by hiring sales personnel with extensive overseas sales experience and international market insight, and customer support personnel, in order to strengthen the development of our overseas customer base. Such

FUTURE PLANS AND USE OF [REDACTED]

expansion will primarily focus on Southeast Asia as the key market, specifically treating Malaysia as the primary objective of deepening market penetration in such region.

- (ii) Approximately [REDACTED]% (or HK\$[REDACTED] million) will be allocated to leasing office space in Hong Kong as our marketing center, thereby expanding our sales and marketing coverage and providing timely and efficient sales support services to our overseas customers. In particular, we plan to (a) expand our customer base in key markets by establishing an international sale and service team, deepening collaboration with key clients, and building long-term and stable business relationships with leading enterprise in local markets in regions such as Southeast Asia; (b) provide professional technical and cost assessment services tailored to the needs of our overseas customers; and (c) formulate and offer competitive pricing solutions.
- (iii) Approximately [REDACTED]% (or HK\$[REDACTED] million) will be allocated to marketing activities. We will invest in intensifying our market efforts through word-of-mouth promotions and other channels, including conducting promotional campaigns, participating in trade exhibitions, hosting customer conferences, conducting regular market research and attending industry conferences and events, to further enhance our brand recognition and promote our products. We hope that such investment in marketing activities will assist us in attracting a greater number of potential customers, thereby expanding our customer base and further scaling our business operations.
- Approximately [REDACTED]% (or HK\$[REDACTED] million) will be used for our working capital and general corporate purposes within the next two years.

If the [REDACTED] is set at the high point or the low point of the [REDACTED] range (assuming the [REDACTED] is not exercised), the [REDACTED] will increase or decrease by approximately HK\$[REDACTED] million (after deducting the [REDACTED] fees and expenses in relation to the [REDACTED]). We intend to apply the additional or reduced [REDACTED] to the above purposes on a pro-rata basis.

If the [REDACTED] is fully exercised, our Company will receive [REDACTED] of approximately HK\$[REDACTED] million for [REDACTED] Shares to be allotted and issued upon the full exercise of the [REDACTED] based on the [REDACTED] of HK\$[REDACTED] per [REDACTED], being the mid-point of the [REDACTED] range, and after deducting the [REDACTED] fees and [REDACTED] payable by our Company. The additional amount raised will be applied to the above areas of use of [REDACTED] on a pro-rata basis.

If the [REDACTED] of the [REDACTED] are not immediately applied to the above purposes, we will only deposit the [REDACTED] from the [REDACTED] into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the SFO) in circumstances permitted by relevant laws and regulations. We will issue an appropriate announcement if there is any material change to the above proposed use of [REDACTED].

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

STRUCTURE AND CONDITIONS OF THE [REDACTED]

[REDACTED]

STRUCTURE AND CONDITIONS OF THE [REDACTED]

[REDACTED]

STRUCTURE AND CONDITIONS OF THE [REDACTED]

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STRUCTURE AND CONDITIONS OF THE [REDACTED]

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STRUCTURE AND CONDITIONS OF THE [REDACTED]

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STRUCTURE AND CONDITIONS OF THE [REDACTED]

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HOW TO APPLY FOR [REDACTED]

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[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

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ACCOUNTANTS’ REPORT

The following is the text of a report received from the reporting accountants of the Company, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in the document.

[To insert the firm’s letterhead]

ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SHENZHEN JIECHENG NEW ENERGY TECHNOLOGY CO., LTD. AND CMBC INTERNATIONAL CAPITAL LIMITED

INTRODUCTION

We report on the historical financial information of Shenzhen Jiecheng New Energy Technology Co., Ltd. (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages [●] to [●], which comprises the consolidated statements of profit or loss, statements of 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 [●] to [●] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●] (the “**Document**”) in connection with the [REDACTED] of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

DIRECTORS’ RESPONSIBILITY FOR THE HISTORICAL FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS’ RESPONSIBILITY

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants’ Reports on Historical Financial Information in Investment Circulars* 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

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ACCOUNTANTS’ REPORT

Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion, the Historical Financial Information gives, for the purposes of the accountants’ report, a true and fair view of the financial position of the Group and the Company as at 31 December 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 [●] have been made.

Dividends

We refer to note 11 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

[●]

Certified Public Accountants

Hong Kong

[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 (“**HKSAs**”) 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

	<i>Notes</i>	Year ended 31 December		
		2023	2024	2025
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Revenue	5	1,157,945	1,170,532	1,499,617
Cost of sales				
Cost of sales of goods	6	(1,147,021)	(1,135,599)	(1,373,707)
Impairment losses on inventories	6	<u>(76,870)</u>	<u>(34,290)</u>	<u>(22,836)</u>
Gross (loss)/profit		(65,946)	643	103,074
Other income and gains	5	13,558	22,545	17,099
Selling and distribution expenses		(3,475)	(3,524)	(4,997)
Administrative expenses		(53,738)	(64,397)	(52,799)
Research and development expenses		(33,881)	(32,717)	(24,361)
Impairment reversal/(losses) on financial assets, net	6	330	(3,591)	(1,593)
Other expenses		(820)	(470)	(4,280)
Finance costs	7	<u>(7,399)</u>	<u>(13,541)</u>	<u>(15,902)</u>
(LOSS)/PROFIT BEFORE TAX		(151,371)	(95,052)	16,241
Income tax expense	10	<u>—</u>	<u>—</u>	<u>—</u>
(LOSS)/PROFIT FOR THE YEAR		<u>(151,371)</u>	<u>(95,052)</u>	<u>16,241</u>
Attributable to:				
Owners of the parent		(150,930)	(94,311)	16,241
Non-controlling interests		<u>(441)</u>	<u>(741)</u>	<u>—</u>
(LOSS)/EARNINGS PER SHARE				
ATTRIBUTABLE TO ORDINARY EQUITY				
HOLDERS OF THE PARENT				
Basic and diluted (expressed in RMB per share)	12	<u>(3.54)</u>	<u>(2.15)</u>	<u>0.37</u>

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
(LOSS)/PROFIT FOR THE YEAR	<u>(151,371)</u>	<u>(95,052)</u>	<u>16,241</u>
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	–	–	(180)
OTHER COMPREHENSIVE LOSS FOR THE YEAR	<u>–</u>	<u>–</u>	<u>(180)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>(151,371)</u>	<u>(95,052)</u>	<u>16,061</u>
Attributable to:			
Owners of the parent	(150,930)	(94,311)	16,061
Non-controlling interests	<u>(441)</u>	<u>(741)</u>	<u>–</u>
	<u>(151,371)</u>	<u>(95,052)</u>	<u>16,061</u>

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		
	<i>Notes</i>	2023	2024	2025
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
NON-CURRENT ASSETS				
Property, plant and equipment	13	241,089	420,717	443,240
Right-of-use assets	14	156,110	93,849	87,389
Intangible assets	15	4,872	4,318	3,773
Other non-current assets	20	<u>21,194</u>	<u>21,756</u>	<u>17,527</u>
Total non-current assets		<u>423,265</u>	<u>540,640</u>	<u>551,929</u>
CURRENT ASSETS				
Inventories	18	242,766	170,299	207,232
Trade and bills receivables	19	48,823	82,437	115,939
Prepayments, other receivables and other assets	20	105,901	120,437	115,565
Financial assets at fair value through profit or loss	21	–	452	50,300
Pledged and restricted deposits	22	6,000	20,000	9,389
Cash and cash equivalents	22	<u>57,463</u>	<u>81,545</u>	<u>92,763</u>
Total current assets		<u>460,953</u>	<u>475,170</u>	<u>591,188</u>
TOTAL ASSETS		<u>884,218</u>	<u>1,015,810</u>	<u>1,143,117</u>
CURRENT LIABILITIES				
Trade and bills payables	23	9,682	22,677	86,091
Interest-bearing bank borrowings	24	145,314	287,773	314,857
Other payables and accruals	25	29,315	87,713	53,608
Contract liabilities	26	10,099	2,607	33,003
Lease liabilities	14	<u>9,663</u>	<u>4,948</u>	<u>5,576</u>
Total current liabilities		<u>204,073</u>	<u>405,718</u>	<u>493,135</u>
NET CURRENT ASSETS		<u>256,880</u>	<u>69,452</u>	<u>98,053</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>680,145</u>	<u>610,092</u>	<u>649,982</u>

APPENDIX I

ACCOUNTANTS’ REPORT

	<i>Notes</i>	As at 31 December		
		2023	2024	2025
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
NON-CURRENT LIABILITIES				
Interest-bearing bank borrowings	24	154,801	223,919	258,343
Lease liabilities	14	105,878	18,370	13,407
Deferred Income	27	<u>–</u>	<u>38,966</u>	<u>35,066</u>
Total non-current liabilities		<u>260,679</u>	<u>281,255</u>	<u>306,816</u>
Net assets		<u>419,466</u>	<u>328,837</u>	<u>343,166</u>
EQUITY				
Equity attributable to owners of the parent				
Paid-in capital	28	43,917	43,917	43,917
Reserves		<u>377,066</u>	<u>284,920</u>	<u>299,249</u>
		420,983	328,837	343,166
Non-controlling interests		<u>(1,517)</u>	<u>–</u>	<u>–</u>
TOTAL EQUITY		<u>419,466</u>	<u>328,837</u>	<u>343,166</u>

For the details of [REDACTED] investments, please refer to note 28 to the Historical Financial Information.

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the parent							
	Reserves							
	Paid-in capital RMB'000 (note 28)	Capital reserve RMB'000 (note 30)	Share-based payment reserve RMB'000 (note 29)	Statutory reserve RMB'000 (note 30)	Retained profits/ (Accumulated losses) RMB'000	Total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
At 1 January 2023	37,548	173,832	2,593	9,264	42,794	266,031	(1,076)	264,955
Loss for the year	–	–	–	–	(150,930)	(150,930)	(441)	(151,371)
Total comprehensive income for the year	–	–	–	–	(150,930)	(150,930)	(441)	(151,371)
Capital injection	6,369	297,284	–	–	–	303,653	–	303,653
Share-based payment expenses (note 29)	–	–	2,229	–	–	2,229	–	2,229
Share-based payment vested (note 29)	–	2,000	(2,000)	–	–	–	–	–
At 31 December 2023	43,917	473,116	2,822	9,264	(108,136)	420,983	(1,517)	419,466

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ACCOUNTANTS’ REPORT

	Attributable to owners of the parent								
	Reserves					Retained		Non-	
	Paid-in	Capital	Share-based	Special	Statutory	profits/	Total	controlling	Total equity
	capital	reserve	payment	reserve —	reserve	(Accumulated		interests	
	RMB'000	RMB'000	RMB'000	safety fund	RMB'000	losses)	RMB'000	RMB'000	RMB'000
	(note 28)	(note 30)	(note 29)	(note 30)	(note 30)				
At 1 January 2024	43,917	473,116	2,822	—	9,264	(108,136)	420,983	(1,517)	419,466
Loss for the year	—	—	—	—	—	(94,311)	(94,311)	(741)	(95,052)
Total comprehensive income for the year	—	—	—	—	—	(94,311)	(94,311)	(741)	(95,052)
Share-based payment expenses (note 29)	—	—	2,165	—	—	—	2,165	—	2,165
Safety fund (note 30)	—	—	—	537	—	(537)	—	—	—
Disposal of a subsidiary (note 31)	—	—	—	—	—	—	—	2,258	2,258
At 31 December 2024	43,917	473,116	4,987	537	9,264	(202,984)	328,837	—	328,837

APPENDIX I

ACCOUNTANTS’ REPORT

	Attributable to owners of the parent									
	Reserves									
	Paid-in capital	Capital reserve	Share-based payment reserve	Special reserve — safety fund	Statutory reserve	Exchange fluctuation reserve	Retained profits/ losses (Accumulated)	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(note 28)	(note 30)	(note 29)	(note 30)	(note 30)					
At 1 January 2025	43,917	473,116	4,987	537	9,264	–	(202,984)	328,837	–	328,837
Profit for the year	–	–	–	–	–	–	16,241	16,241	–	16,241
Exchange differences on translation of foreign operations	–	–	–	–	–	(180)	–	(180)	–	(180)
Total comprehensive income for the year	–	–	–	–	–	(180)	16,241	16,061	–	16,061
Share-based payment expenses (note 29)	–	–	(1,732)	–	–	–	–	(1,732)	–	(1,732)
Safety fund (note 30)	–	–	–	537	–	–	(537)	–	–	–
Utilisation of safety fund (note 30)	–	–	–	(1,074)	–	–	1,074	–	–	–
At 31 December 2025	43,917	473,116	3,255	–	9,264	(180)	(186,206)	343,166	–	343,166

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CASH FLOWS

	<i>Notes</i>	Year ended 31 December		
		2023	2024	2025
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/profit before tax		(151,371)	(95,052)	16,241
Adjustments for:				
Finance costs	7	7,399	13,541	15,902
Interest income	5	(1,036)	(325)	(270)
Net loss/(gain) on disposal of items of property, plant and equipment	5	5	(13)	(1)
Gains on disposal of right-of-use assets	5	(13)	(5,325)	–
Gain on disposal of a subsidiary	5	–	(4,329)	–
Gains from financial assets at fair value through profit or loss (“FVTPL”)	5	(2,171)	(1,173)	(162)
Depreciation of property, plant and equipment	13	3,412	9,168	29,099
Amortisation of intangible assets	15	556	551	545
Depreciation of right-of-use assets	14	10,151	12,560	7,486
Impairment (reversal)/losses on financial assets, net	6	(330)	3,591	1,593
Impairment losses on inventories	6	76,870	34,290	22,836
Equity-settled share-based payment expenses	29	2,229	2,165	(1,732)
(Increase)/decrease in inventories		(178,448)	38,111	(59,769)
Decrease/(increase) in trade and bills receivables		1,363	(57,984)	(62,895)
(Increase)/decrease in pledged and restricted deposits	22	(6,000)	(14,000)	10,611
(Increase)/decrease in prepayments, other receivables and other assets		(40,560)	(16,828)	4,872
(Decrease)/increase in trade and bills payables		(23)	13,209	63,414
(Decrease)/increase in other payables, accruals and other liabilities		14,946	30,440	8,978
(Decrease)/increase in contract liabilities	26	<u>(1,850)</u>	<u>(7,492)</u>	<u>30,396</u>
Cash (used in)/generated from operations		(264,871)	(44,895)	87,144
Interest received	5	1,036	325	270
Interest element on lease liabilities	7	<u>(4,689)</u>	<u>(4,421)</u>	<u>(865)</u>
Net cash flows (used in)/generated from operating activities		<u><u>(268,524)</u></u>	<u><u>(48,991)</u></u>	<u><u>86,549</u></u>

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ACCOUNTANTS’ REPORT

	<i>Notes</i>	Year ended 31 December		
		2023	2024	2025
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of items of property, plant and equipment		2	65	120
Receipt of government grants for property, plant and equipment		–	39,000	–
Purchases of items of property, plant and equipment		(222,046)	(140,509)	(103,856)
Purchases of intangible assets		(11)	–	–
Purchases of items of land use rights	14	–	(26,471)	–
Purchases of other long term assets	20	–	(11,823)	–
Proceeds from disposal of financial assets at fair value through profit or loss		2,171	306,911	156,614
Proceeds from disposal of a subsidiary	31	–	6,147	–
Purchase of financial assets at fair value through profit or loss		–	(306,190)	(206,300)
Net cash flows used in investing activities		<u>(219,884)</u>	<u>(132,870)</u>	<u>(153,422)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Interest-bearing bank borrowing received	32	300,124	407,356	373,689
Interest-bearing bank borrowing repaid	32	(104,398)	(178,363)	(285,491)
Interest paid	32	(5,746)	(13,807)	(14,091)
Principal portion of lease payments	32	(6,384)	(9,243)	(5,921)
Capital injection	28	310,000	–	10,000
Payment of professional fees related to capital injection	28	(6,347)	–	–
Net cash flows generated from financing activities		<u>487,249</u>	<u>205,943</u>	<u>78,186</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS				
		(1,159)	24,082	11,313
Cash and cash equivalents at beginning of year		58,622	57,463	81,545
Effect of foreign exchange rate changes, net		–	–	(95)
CASH AND CASH EQUIVALENTS AT END OF YEAR				
		<u>57,463</u>	<u>81,545</u>	<u>92,763</u>

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ACCOUNTANTS’ REPORT

		Year ended 31 December		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances	22	63,463	101,545	102,152
Less: Pledged and restricted deposits	22	<u>(6,000)</u>	<u>(20,000)</u>	<u>(9,389)</u>
Cash and cash equivalents as stated in the statements of financial position and the statements of cash flows				
	22	<u>57,463</u>	<u>81,545</u>	<u>92,763</u>

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ACCOUNTANTS’ REPORT

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	13	9,625	9,239	41,208
Right-of-use assets	14	2,485	27,811	26,846
Intangible assets		11	10	8
Investments in subsidiaries	16	134,652	200,600	212,387
Other non-current assets		–	61	29
Total non-current assets		<u>146,773</u>	<u>237,721</u>	<u>280,478</u>
CURRENT ASSETS				
Inventories	18	154,335	141,755	90,378
Trade and bills receivables	19	123,943	81,941	188,641
Prepayments, other receivables and other assets	20	236,642	215,938	254,838
Financial assets at fair value through profit or loss	21	–	–	50,300
Pledged and restricted deposits	22	–	20,000	600
Cash and cash equivalents	22	<u>49,102</u>	<u>42,373</u>	<u>77,368</u>
Total current assets		<u>564,022</u>	<u>502,007</u>	<u>662,125</u>
TOTAL ASSETS		<u>710,795</u>	<u>739,728</u>	<u>942,603</u>
CURRENT LIABILITIES				
Trade and bills payables	23	46,618	67,729	122,422
Interest-bearing bank borrowings	24	145,198	234,198	262,468
Other payables and accruals	25	28,282	9,426	61,137
Contract liabilities	26	9,447	1,744	17,994
Lease liabilities	14	<u>951</u>	<u>699</u>	<u>1,161</u>
Total current liabilities		<u>230,496</u>	<u>313,796</u>	<u>465,182</u>
NET CURRENT ASSETS		<u>333,526</u>	<u>188,211</u>	<u>196,943</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>480,299</u>	<u>425,932</u>	<u>477,421</u>

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	<i>Notes</i>	As at 31 December		
		2023	2024	2025
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
NON-CURRENT LIABILITIES				
Interest-bearing bank borrowings	24	–	–	56,835
Lease liabilities	14	<u>1,735</u>	<u>1,150</u>	<u>602</u>
Total non-current liabilities		<u>1,735</u>	<u>1,150</u>	<u>57,437</u>
Net assets		<u>478,564</u>	<u>424,782</u>	<u>419,984</u>
EQUITY				
Paid-in capital	28	43,917	43,917	43,917
Reserves	30	<u>434,647</u>	<u>380,865</u>	<u>376,067</u>
TOTAL EQUITY		<u>478,564</u>	<u>424,782</u>	<u>419,984</u>

For the details of [REDACTED] investments, please refer to note 28 to the Historical Financial Information.

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II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 CORPORATE AND GROUP INFORMATION

The Company is a limited liability company established in the People’s Republic of China (“PRC”) on 10 January 2012 and was converted into a joint stock limited liability company on 19 March 2026. The registered office of the Company is located in Shenzhen, Guangdong Province, China.

During the Relevant Periods, the Group, taking the comprehensive recycling of lithium battery materials as its starting point, established a fully integrated process covering recycling, hydrometallurgy, and cascade utilisation business. Consequently, the Group has developed an integrated and comprehensive capability for the generation and utilisation of lithium battery materials.

As of 31 December 2025, the Company held direct interests in its subsidiaries, all of which are private limited liability companies, the particulars of which are set out below:

Name	Place and date of incorporation/ registration and place of operations	Registered/ share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Guangdong Jiecheng New Energy Materials Technology Co., Ltd. 廣東傑成新能源材料科技有限公司 (note i)	PRC Chinese mainland 23 August 2021	RMB150,000,000	100%	–	Lithium battery recycling and material recovery
Jiangsu Jiecheng New Energy Technology Co., Ltd. 江蘇傑成新能源科技有限公司 (note ii)	PRC Chinese mainland 17 October 2022	RMB50,000,000	100%	–	Lithium battery recycling and material recovery
Jiecheng Recycling (Shenzhen) Supply Chain Co., Ltd. 傑成循環(深圳)供應鏈有限公司 (Formerly known as Shenzhen Deri New Technology Co., Ltd. 深圳市德日新科技有限公司) (note ii)	PRC Chinese mainland 28 July 2021	RMB1,000,000	100%	–	No actual operations
Jiecheng New Energy Group Co., Limited 傑成新能源集團有限公司 (note iii)	Hong Kong 4 September 2023	HKD10,000	100%	–	International trade
Zhejiang Jiecheng New Energy Technology Co., Ltd. 浙江傑成新能源科技有限公司 (note iv)	PRC Chinese mainland 2 January 2025	RMB100,000,000	100%	–	No actual operations

The English names of these entities registered in the PRC represent the best efforts made by the management of the Company to directly translate their Chinese names as they did not register any official English name.

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- (i) The statutory financial statements of the entity for the years ended 31 December 2023, 2024 and 2025 prepared under China Accounting Standards for Business Enterprises (“CAS”) were audited by Shenzhen Huatuo Xinda Certified Public Accountants (“深圳華拓信達會計師事務所(普通合夥)”), Shenzhen Ji Si Guang Yi Certified Public Accountants (“深圳集思廣益會計師事務所(普通合夥)”) and Shenzhen Huatuo Xinda Certified Public Accountants (“深圳華拓信達會計師事務所(普通合夥)”), certified public accountants registered in the PRC, respectively.
- (ii) The statutory financial statements of these entities for the years ended 31 December 2023 and 2024 prepared under China Accounting Standards for Business Enterprises (“CAS”) were audited by Shenzhen Huatuo Xinda Certified Public Accountants (“深圳華拓信達會計師事務所(普通合夥)”) and Shenzhen Ji Si Guang Yi Certified Public Accountants (“深圳集思廣益會計師事務所(普通合夥)”), certified public accountants registered in the PRC, respectively. As at the date of this report, no audited financial statements have been prepared for this entity for the year ended 31 December 2025.
- (iii) The statutory financial statements of the entity for the period from 4 September 2023 (date of incorporation) to 31 December 2024 prepared under Hong Kong Small and Medium-Sized Entity Financial Reporting Standard (“SME-FRS”) were audited by CH CPA & Co. (“進經會計師行”), certified public accountants registered in Hong Kong. As at the date of this report, no audited financial statements have been prepared for this entity for the year ended 31 December 2025.
- (iv) As at the date of this report, no audited financial statements have been prepared for the entity for the year ended 31 December 2025.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared on a going concern basis. The directors of the Company have considered the Group’s sources of liquidity and believe that adequate funding is available to fulfil the Group’s debt obligations and capital expenditure requirements. Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the Historical Financial Information on a going concern basis.

For ordinary shares issued to [REDACTED] investors, pursuant to the supplemental agreements entered into between the Company and the [REDACTED] investors in relation to the termination of redemption rights, which are void ab initio as described in note 28 to the Historical Financial Information, having taken into account the legal and regulatory framework of the Company’s jurisdiction and the governing law of the supplemental agreements, the directors considered that it is appropriate to present the [REDACTED] investments as equity throughout the Relevant Periods. For the details of [REDACTED] investments, please refer to note 28 to the Historical Financial Information.

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations as approved by the International Accounting Standards Board (the “IASB”).

All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been consistently applied by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention except for financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income which have been measured at fair value.

Basis of consolidation

The Historical Financial Information includes the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the Relevant Periods. A subsidiary is an entity (including a structured entity), directly 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).

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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 Company 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 Statements</i> ³
IFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures</i> ³
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ¹
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ²
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i> ²
Amendments to IAS 21	<i>Translation to a Hyperinflationary Presentation Currency</i> ³
<i>Annual Improvements to IFRS Accounting Standards — Volume 11</i>	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 ²

¹ No mandatory effective date yet determined but available for adoption

² Effective for annual periods beginning on or after 1 January 2026

³ Effective for annual/reporting periods beginning on or after 1 January 2027

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, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss 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 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

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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. IFRS 18 and the consequential amendments to other IFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required.

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 statement of cash flows and disclosures in the future financial information. The Group will continue to assess the impact of IFRS 18 on the Group’s financial information.

Except for IFRS 18, the directors of the Company anticipate that the application of these new and revised IFRS Accounting Standards have no material impact on the Group’s financial performance and financial position in the foreseeable future.

2.3 MATERIAL ACCOUNTING POLICIES

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree’s identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group’s previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

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Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its bank-issued wealth management products and part of its bills receivable 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.

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.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

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 the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

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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 the statement of 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 the statement of 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 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.

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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.

Category	Property, plant and equipment are depreciated over the following useful life
Buildings	20 years
Machinery	10 years
Others	3–5 years
Leasehold improvements	Shorter of remaining lease terms and estimated useful lives

No depreciation is provided in respect of construction in progress.

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 the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

The estimated useful lives of intangible assets are determined by considering the period of the economic benefits to the Group or the periods of validity of intangible assets protected by the relevant laws, as well as by referring to the industry practice.

Trademarks and patents

Purchased trademarks and patents are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 10 years, with reference to the estimated periods that the Group intends to derive future economic benefits from the use of the assets.

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 three years.

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Research and development costs

All research costs are charged to the statement of 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.

(i) 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:

Buildings	2 to 15 years
Land	50 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(ii) 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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(iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (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). Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

The Group applies the low-value lease recognition exemption to its leases of assets that are considered to be of low value. Lease payments on 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 the statement of profit or loss when the asset is derecognised, modified or impaired.

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Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

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 the statement of profit or loss.

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.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

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The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs 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 and bills 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, or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group’s financial liabilities include trade and other payables and interest-bearing bank borrowings.

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Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, interest-bearing loans and 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 the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of 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 the statement of profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a specific identification basis or weighted average cost basis depending on nature or use 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.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in interest expense in the statement of profit or loss.

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.

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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 the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, 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, 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 the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

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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.

Whether the Group acts as a principal or an agent is evaluated in a transaction to determine whether revenue should be recorded on a gross or net basis. The Group is considered to be acting as the principal if it obtains control over the goods and services before they are transferred to customers. Generally, when the Group is primarily obligated in a transaction, is subject to inventory risk, has latitude in establishing prices, or has several but not all of these indicators, the Group acts as the principal and revenue is recorded on a gross basis. Generally, when the Group is not primarily obligated in a transaction, does not bear the inventory risk and does not have the ability to establish the price, the Group acts as the agent and revenue is recorded on a net basis.

Sale of recycling, hydrometallurgy, cascade utilisation products and other products

Revenue from the sale of these products is recognised at the point in time when control of the asset is transferred to the customer, generally on acceptance of the products by the customer, and there is no unfulfilled obligation that could affect the customer’s acceptance of the products. Acceptance occurs when the products have been shipped to the specific location, the customer has acknowledged the receipt, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the acceptance provisions have lapsed.

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.

Government grants and subsidies, and additional deductions for value-added tax refer to accounting policies related to government grants.

Fair value gains on financial assets at fair value through profit or loss refer to accounting policies related to subsequent measurement of financial assets at fair value through profit or loss and derecognition of financial assets.

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 cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the 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.

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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 its subsidiaries which operate in the Chinese mainland are required to participate in a central pension scheme operated by the local municipal government. The Company and its subsidiaries are required to contribute certain percentages of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Housing fund and other social insurances — Chinese mainland

The Group has participated in defined social security contribution schemes for its employees pursuant to the relevant laws and regulations of the PRC. These include housing fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance. The Group makes monthly contributions to the housing fund and other social insurances. The contributions are charged to profit or loss on an accrual basis. The Group’s liability in respect of these funds is limited to the contributions payable in the reporting period.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

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Foreign currencies

The Historical Financial Information is presented in RMB. Entities in the Group use RMB or USD as their functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries are currencies other than RMB. As at the end of each reporting period, the assets and liabilities of these entities were translated into the presentation currency of the Company at the exchange rates prevailing at the end of each reporting period and their statements of profit or loss are translated into RMB at the weighted average exchange rates for the period.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

Operating segment information

Reportable segments are identified based on operating segments which are determined based on the structure of the Group’s internal organisation, management requirements and internal reporting system. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose financial performance is regularly reviewed by the Group’s management to make decisions about resources to be allocated to the segment and to assess its performance, and for which financial information regarding financial performance is available.

Two or more operating segments may be aggregated into a single operating segment if the segments have the same or similar economic characteristics and meet certain criteria.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

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3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Historical Financial Information requires management to make judgments and estimates that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group’s accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Historical Financial Information:

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 level of future taxable profits, together with future tax planning strategies.

The Group had tax losses of RMB153,990,000, RMB265,591,000 and RMB329,944,000 carried forward as at 31 December 2023, 2024 and 2025, respectively. These losses related to the entities that have a history of losses, have not expired, and may not be used to offset taxable income elsewhere in the Group. The entities have neither taxable temporary difference nor tax planning opportunities available that could 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 these tax losses carried forward.

The Group had deductible temporary differences of RMB92,882,000, RMB106,421,000 and RMB49,506,000 carried forward as at 31 December 2023, 2024 and 2025, respectively which were not recognised as deferred tax assets.

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 and bills receivables

The Group uses a provision matrix to calculate ECLs for trade and bills receivables. The provision rates are based on the recognition date for groupings of various customer segments that have similar loss patterns.

The 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, 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 and bills receivables is disclosed in note 19 to the Historical Financial Information.

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Write-down of inventories to net realisable value

The Group reviews the carrying amounts of the inventories at the end of each reporting period to determine whether the inventories are carried at the lower of cost and net realisable value. The net realisable value is estimated based on the current market situation and historical experience with similar inventories. Any change in the assumptions would increase or decrease the amount of inventories written down or the related reversals of write-downs and affect the Group’s financial position.

Share-based payments

The Group makes the best estimate of the number of exercisable equity instruments at the end of each reporting period. Share-based payment expenses are recognised over the vesting period based on the best available estimate of the number of equity instruments expected to vest. When determining the fair value of the equity instruments, the Group evaluates the fair value of these equity instruments granted on the grant date, primarily based on the recent transaction price. When no recent transaction price is available, the Group uses appropriate valuation models to estimate the fair value. This requires the Group to estimate the expected cash flows and to select a suitable discount rate to determine the present value of those cash flows.

Leases — Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, and therefore, it uses an incremental borrowing rate (“**IBR**”) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group “would have to pay”, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary’s stand-alone credit rating).

4 OPERATING SEGMENT INFORMATION

During the Relevant Periods, the Group, taking the comprehensive recycling of lithium battery materials as its starting point, established a fully integrated process covering echelon utilisation, dismantling and recycling, hydrometallurgy, and material restoration. Consequently, the Group has developed an integrated and comprehensive capability for the regeneration and utilisation of lithium battery materials. Information reported to the Group’s chief operating decision maker, for the purpose of resource allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group’s resources are integrated and no discrete operating segment financial information is available. Since this is the only reportable operating segment of the Group, no further operating segment analysis thereof is presented.

Geographical information

All the non-current assets of the Group are physically located in the Chinese mainland. The geographical location of a customer is based on the location at which the customer operates, and all of the revenue of the Group was derived from operations in the Chinese mainland during the Relevant Periods.

Information about a major customer

Revenue from a major customer, including sales to a group of entities which are known to be under common control with that customer, which amounted to 10% or more of the Group’s revenue is set out below:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Customer A	298,294	193,314	N/A

N/A represents revenue from the customer which amounted to less than 10% of the Group’s revenue.

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5 REVENUE, OTHER INCOME AND GAINS

(a) Disaggregated revenue information

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Types of goods			
Recycling products	976,838	983,652	1,230,348
Hydrometallurgy products	–	25,795	186,899
Cascade utilization products	181,107	160,809	82,370
Others	–	276	–
	<u>1,157,945</u>	<u>1,170,532</u>	<u>1,499,617</u>
Total revenue from contracts with customers	<u>1,157,945</u>	<u>1,170,532</u>	<u>1,499,617</u>
Timing of revenue recognition			
Goods transferred at a point in time	<u>1,157,945</u>	<u>1,170,532</u>	<u>1,499,617</u>

The following table shows the amounts of revenue recognised during the Relevant Periods that were included in the contract liabilities at the beginning of each of the Relevant Periods.

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period			
Recycling products	4,616	8,528	2,326
Cascade utilization products	<u>6,867</u>	<u>1,564</u>	<u>44</u>
	<u>11,483</u>	<u>10,092</u>	<u>2,370</u>
Total	<u>11,483</u>	<u>10,092</u>	<u>2,370</u>

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(b) Performance obligation

Information about the Group’s performance obligation is summarised below:

Sale of products

The performance obligation is satisfied upon acceptance of the recycling, hydrometallurgy, and cascade utilisation products and other products. The Group generally require customers to pay a certain percentage of payment in advance, with the balance settled after goods delivery and mutual confirmation of the settlement statement. The Group generally grant a credit period of nil to 45 days to customers.

An analysis of other income and gains is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Other income			
Interest income	1,036	325	270
Government grants and subsidies*	3,040	916	4,878
Income from additional value-added tax (“VAT”)** input deduction	7,119	9,915	11,305
Total other income	11,195	11,156	16,453
Gains			
Fair value gains on financial assets at fair value through profit or loss	2,171	1,173	162
Gains on disposal of items of property, plant and equipment	–	13	1
Gains on disposal of a subsidiary	–	4,329	–
Gains on disposal of right-of-use assets	13	5,325	–
Others	179	549	483
Total gains	2,363	11,389	646
Total other income and gains	13,558	22,545	17,099

* Government grants related to income are received as compensation for expenses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs. These grants are recognised in profit or loss in the period upon actual receipt. There are no unfulfilled conditions or contingencies relating to these grants. The Group has also received certain government grants related to the purchases of items of property, plant and equipment. Where the grant relates to an asset, the fair value is credited to a deferred income account and released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

** According to the regulations of the Ministry of Finance and the State Administration of Taxation, certain entities within the Group can enjoy an additional 5% deduction calculated based on the input VAT from the VAT payable since 1 January 2023 till 31 December 2025. The amount of additional deduction is recognised in profit or loss when the entities apply the preferential treatment.

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6 PROFIT/(LOSS) BEFORE TAX

The Group’s profit/(loss) before tax is arrived at after charging/(crediting):

	<i>Notes</i>	Year ended 31 December		
		2023	2024	2025
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Cost of inventories sold		1,147,021	1,135,599	1,373,707
Impairment losses on inventories		76,870	34,290	22,836
Depreciation of property, plant and equipment	13	3,412	9,168	29,099
Depreciation of right-of-use assets	14	10,151	12,560	7,486
Amortisation of intangible assets	15	556	551	545
Lease payments not included in the measurement of lease liabilities	14	192	57	52
Employee benefit expenses (excluding directors’ and chief executive’s remuneration (<i>note 8</i>))				
Wages, salaries and other allowances		44,623	49,525	45,698
Pension scheme contributions and social welfare*		3,405	4,629	5,272
Share-based payment expenses	29	<u>1,614</u>	<u>1,727</u>	<u>(2,170)</u>
Total		<u><u>49,642</u></u>	<u><u>55,881</u></u>	<u><u>48,800</u></u>
Impairment (reversal)/losses on financial assets, net		(330)	3,591	1,593
Fair value gains on financial assets at fair value through profit or loss	5	(2,171)	(1,173)	(162)
Net loss/(gains) on disposal of property, plant and equipment	5	5	(13)	(1)
Net gains on disposal of a subsidiary	5	–	(4,329)	–
Net gains on disposal of right-of-use assets	5	(13)	(5,325)	–
Loss on derecognition of debt instruments measured at fair value through other comprehensive income		<u>171</u>	<u>408</u>	<u>347</u>

* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

7 FINANCE COSTS

		Year ended 31 December		
		2023	2024	2025
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Interest on interest-bearing bank borrowings		6,237	15,210	15,201
Interest on lease liabilities		4,689	4,421	865
Less: Interest capitalised		<u>(3,527)</u>	<u>(6,090)</u>	<u>(164)</u>
Total		<u><u>7,399</u></u>	<u><u>13,541</u></u>	<u><u>15,902</u></u>

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ACCOUNTANTS’ REPORT

8 DIRECTORS’ AND CHIEF EXECUTIVE’S REMUNERATION

Directors’ and chief executive’s remuneration for the Relevant Periods is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Fees	–	–	–
Other emoluments:			
Salaries, allowances and benefits in kind	1,378	2,177	1,519
Performance related bonuses	429	603	629
Share-based payment expenses (note 29)	615	438	438
Pension scheme contributions	133	292	343
Subtotal	2,555	3,510	2,929
Total	2,555	3,510	2,929

During the Relevant Periods, restricted shares were granted to certain directors in respect of their services to the Group, further details of which are included in the disclosures in note 29 to the Historical Financial Information. The fair values of such restricted shares, which have been recognised in the statements of profit or loss over the vesting periods, were determined as at the dates of grant and the amounts included in the Historical Financial Information for the Relevant Periods are included in the above directors’ and chief executive’s remuneration disclosures.

(a) Independent non-executive directors

There were no independent non-executive directors during the Relevant Periods.

(b) Executive directors and a non-executive director

Directors’ remuneration for the Relevant Periods is as follows:

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Share-based payment expenses	Pension scheme contributions	Total remuneration
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Year ended 31 December 2023						
Executive directors:						
Mr. Zheng Weipeng	–	468	135	–	41	644
Mr. Ding Bodong	–	370	113	250	31	764
Mr. Zhang Qiuhui	–	275	69	365	29	738
Mr. Zhang Wenliang	–	265	112	–	32	409
Non-executive director:						
Mr. Jiang Jiang	–	–	–	–	–	–
Total	–	1,378	429	615	133	2,555

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	Fees <i>RMB'000</i>	Salaries, allowances and benefits in kind <i>RMB'000</i>	Performance related bonuses <i>RMB'000</i>	Share-based payment expenses <i>RMB'000</i>	Pension scheme contributions <i>RMB'000</i>	Total remuneration <i>RMB'000</i>
Year ended 31 December 2024						
Executive directors:						
Mr. Zheng Weipeng	–	569	180	–	88	837
Mr. Ding Bodong	–	447	144	–	72	663
Mr. Zhang Qiuhui	–	676	130	438	54	1,298
Mr. Zhang Wenliang	–	159	19	–	13	191
Mr. Yang Haoyu	–	326	130	–	65	521
Non-executive director:						
Mr. Jiang Jiang	–	–	–	–	–	–
Total	–	2,177	603	438	292	3,510

	Fees <i>RMB'000</i>	Salaries, allowances and benefits in kind <i>RMB'000</i>	Performance related bonuses <i>RMB'000</i>	Share-based payment expenses <i>RMB'000</i>	Pension scheme contributions <i>RMB'000</i>	Total remuneration <i>RMB'000</i>
Year ended 31 December 2025						
Executive directors:						
Mr. Zheng Weipeng	–	436	180	–	97	713
Mr. Ding Bodong	–	132	56	–	34	222
Mr. Lin Xiaojie	–	282	119	–	67	468
Mr. Zhang Qiuhui	–	361	144	438	72	1,015
Mr. Yang Haoyu	–	308	130	–	73	511
Non-executive director:						
Mr. Jiang Jiang	–	–	–	–	–	–
Total	–	1,519	629	438	343	2,929

Mr. Zheng Weipeng has been appointed as the chief executive and an executive director since the registration of the Company.

Mr. Ding Bodong was appointed as an executive director in February 2023 and resigned in May 2025.

Mr. Zhang Qiuhui was appointed as an executive director in February 2023.

Mr. Zhang Wenliang was appointed as an executive director in February 2023 and resigned in September 2024.

Mr. Yang Haoyu was appointed as an executive director in September 2024.

Mr. Lin Xiaojie was appointed as an executive director in May 2025.

Mr. Jiang Jiang was appointed as a non-executive director in February 2023.

None of the executive directors waived or agreed to waive their remuneration during the Relevant Periods.

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9 FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group included 2 directors of the Company in 2023, 3 directors of the Company in 2024 and 1 director of the Company in 2025, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining highest paid employees who are not directors 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	1,568	1,035	2,011
Performance related bonuses	317	295	552
Share-based payment expenses	–	113	346
Pension scheme contributions	81	120	273
Total	<u>1,966</u>	<u>1,563</u>	<u>3,182</u>

The numbers of non-director highest paid employees whose remuneration fell within the following band are as follows:

	Year ended 31 December		
	2023	2024	2025
Nil to HKD1,000,000	<u>3</u>	<u>2</u>	<u>4</u>
Total	<u>3</u>	<u>2</u>	<u>4</u>

During the Relevant Periods, restricted shares were granted to a non-director and non-chief executive highest paid employee in respect of his services to the Group, further details of which are included in the disclosures in note 29 to the Historical Financial Information. The fair values of such restricted shares, which have been recognised in the statements of profit or loss over the vesting periods, were determined as at the dates of grant and the amounts included in the financial statements for the Relevant Periods are included in the above non-director and non-chief executive highest paid employees’ remuneration disclosures.

10 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/or operate.

Hong Kong

The subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at the rate of 16.5% on the estimated assessable profits arising in Hong Kong. No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the Relevant Periods.

Chinese mainland

Pursuant to the Enterprise Income Tax Law of the PRC and the respective regulations (the “EIT Law”), the entities which operate in the Chinese mainland are subject to EIT at a rate of 25% on the taxable income, except for those which are subject to tax concession as set out below:

- (a) In 2023, the Company was accredited as a “High and New Technology Enterprise” (“HNTe”). Hence, the Company was entitled to a preferential EIT rate of 15% for the Relevant Periods.

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The income tax expense/(credit) of the Group for the Relevant Periods is analysed as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current income tax	—	—	—
Deferred income tax	—	—	—
Total	—	—	—

A reconciliation of the tax expense/(credit) applicable to profit/(loss) before tax at the statutory tax rate for the jurisdiction where the operations of the Group are substantially based to the tax expense at the effective tax rate is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
(Loss)/Profit before tax	(151,371)	(95,052)	16,241
Tax at the statutory tax rate	(37,843)	(23,763)	4,060
Effect on preferential tax rate	9,157	6,024	214
Income not subject to tax	—	(2,084)	(1,024)
Expenses not deductible for tax	836	507	(25)
Additional deductible allowance for qualified research and development costs	(5,242)	(3,566)	(2,448)
Deductible temporary differences and tax losses utilised from previous periods	—	(10)	(15,055)
Deductible temporary differences and tax losses not recognised	33,092	22,892	14,278
Tax charge at the Group’s effective tax rate	—	—	—

11 DIVIDENDS

No dividends have been paid or declared by the Company during the Relevant Periods.

12 (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic (loss)/earnings per share amounts is based on the (loss)/profit attributable to owners of the parent, and the weighted average numbers of ordinary shares outstanding during the Relevant Periods, as adjusted to reflect the changes in share capital.

The Company was converted into a joint stock limited liability company and issued 43,917,246 shares with a par value of RMB1 each on 19 March 2026. For the purpose of calculating basic (loss)/earnings per share amounts, the weighted average number of ordinary shares deemed to be outstanding before the Company’s conversion into a joint stock limited liability company was determined assuming the conversion had occurred on 1 January 2023, at the conversion ratio established in the conversion on 19 March 2026.

No adjustment has been made to the basic (loss)/earnings per share amounts presented for the Relevant Periods in respect of a dilution as the Group had no potentially dilutive ordinary shares outstanding during the Relevant Periods.

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The following reflects the (loss)/earnings and share data used in the basic (loss)/earnings per share computation:

	Year ended 31 December		
	2023	2024	2025
Loss/Earnings:			
(Loss)/Profit for the year attributable to owners of the parent, used in the basic (loss)/earnings per share calculation (RMB'000)	<u>(150,930)</u>	<u>(94,311)</u>	<u>16,241</u>
Number of shares:			
Weighted average number of ordinary shares outstanding during the year, used in the basic (loss)/earnings per share calculation (in thousand shares)	<u>42,665</u>	<u>43,917</u>	<u>43,917</u>
Basic and diluted (expressed in RMB per share)	<u><u>(3.54)</u></u>	<u><u>(2.15)</u></u>	<u><u>0.37</u></u>

13 PROPERTY, PLANT AND EQUIPMENT

The Group

31 December 2023	Machinery RMB'000	Construction in progress RMB'000	Leasehold improvements RMB'000	Others RMB'000	Total RMB'000
At 1 January 2023:					
Cost	5,714	10,361	4,737	4,293	25,105
Accumulated depreciation	<u>(491)</u>	<u>–</u>	<u>(572)</u>	<u>(931)</u>	<u>(1,994)</u>
Net carrying amount	<u><u>5,223</u></u>	<u><u>10,361</u></u>	<u><u>4,165</u></u>	<u><u>3,362</u></u>	<u><u>23,111</u></u>
At 1 January 2023, net of accumulated depreciation	5,223	10,361	4,165	3,362	23,111
Additions	4,568	211,052	2,927	2,850	221,397
Disposals	–	–	–	(7)	(7)
Transfers	3,368	(15,519)	10,639	1,512	–
Depreciation provided during the year	<u>(772)</u>	<u>–</u>	<u>(1,155)</u>	<u>(1,485)</u>	<u>(3,412)</u>
At 31 December 2023, net of accumulated depreciation	<u><u>12,387</u></u>	<u><u>205,894</u></u>	<u><u>16,576</u></u>	<u><u>6,232</u></u>	<u><u>241,089</u></u>
At 31 December 2023:					
Cost	13,650	205,894	18,303	8,587	246,434
Accumulated depreciation	<u>(1,263)</u>	<u>–</u>	<u>(1,727)</u>	<u>(2,355)</u>	<u>(5,345)</u>
Net carrying amount	<u><u>12,387</u></u>	<u><u>205,894</u></u>	<u><u>16,576</u></u>	<u><u>6,232</u></u>	<u><u>241,089</u></u>

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31 December 2024	Buildings <i>RMB'000</i>	Machinery <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Leasehold improvements <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2024:						
Cost	–	13,650	205,894	18,303	8,587	246,434
Accumulated depreciation	–	(1,263)	–	(1,727)	(2,355)	(5,345)
Net carrying amount	–	12,387	205,894	16,576	6,232	241,089
At 1 January 2024, net of accumulated depreciation	–	12,387	205,894	16,576	6,232	241,089
Additions	–	9,118	183,912	706	378	194,114
Disposals	–	(5)	–	–	(47)	(52)
Disposal of a subsidiary	–	(2,433)	–	(2,239)	(594)	(5,266)
Transfers	205,157	96,063	(304,872)	3,294	358	–
Depreciation provided during the year	–	(1,759)	–	(5,399)	(2,010)	(9,168)
At 31 December 2024, net of accumulated depreciation	205,157	113,371	84,934	12,938	4,317	420,717
At 31 December 2024:						
Cost	205,157	115,786	84,934	19,220	7,834	432,931
Accumulated depreciation	–	(2,415)	–	(6,282)	(3,517)	(12,214)
Net carrying amount	205,157	113,371	84,934	12,938	4,317	420,717
31 December 2025	Buildings <i>RMB'000</i>	Machinery <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Leasehold improvements <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2025:						
Cost	205,157	115,786	84,934	19,220	7,834	432,931
Accumulated depreciation	–	(2,415)	–	(6,282)	(3,517)	(12,214)
Net carrying amount	205,157	113,371	84,934	12,938	4,317	420,717
At 1 January 2025, net of accumulated depreciation	205,157	113,371	84,934	12,938	4,317	420,717
Additions	–	6,786	42,300	2,439	216	51,741
Disposals	–	(41)	–	–	(78)	(119)
Transfers	2,052	4,457	(12,780)	6,239	32	–
Depreciation provided during the year	(9,769)	(11,428)	–	(5,995)	(1,907)	(29,099)
At 31 December 2025, net of accumulated depreciation	197,440	113,145	114,454	15,621	2,580	443,240
At 31 December 2025:						
Cost	207,209	126,979	114,454	27,898	7,772	484,312
Accumulated depreciation	(9,769)	(13,834)	–	(12,277)	(5,192)	(41,072)
Net carrying amount*	197,440	113,145	114,454	15,621	2,580	443,240

* As at 31 December 2025, certain items of machinery and other property, plant and equipment were pledged as security for bank facilities, with a net carrying amount of approximately RMB115,832,000.

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The Company

31 December 2023	Machinery <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Leasehold improvements <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2023:					
Cost	2,510	–	1,895	1,559	5,964
Accumulated depreciation	<u>(313)</u>	<u>–</u>	<u>(183)</u>	<u>(496)</u>	<u>(992)</u>
Net carrying amount	<u>2,197</u>	<u>–</u>	<u>1,712</u>	<u>1,063</u>	<u>4,972</u>
At 1 January 2023, net of accumulated depreciation	2,197	–	1,712	1,063	4,972
Additions	2,698	1,862	74	993	5,627
Disposals	–	–	–	(4)	(4)
Transfers	–	(853)	853	–	–
Depreciation provided during the year	<u>(292)</u>	<u>–</u>	<u>(251)</u>	<u>(427)</u>	<u>(970)</u>
At 31 December 2023, net of accumulated depreciation	<u>4,603</u>	<u>1,009</u>	<u>2,388</u>	<u>1,625</u>	<u>9,625</u>
At 31 December 2023:					
Cost	5,209	1,009	2,822	2,546	11,586
Accumulated depreciation	<u>(606)</u>	<u>–</u>	<u>(434)</u>	<u>(921)</u>	<u>(1,961)</u>
Net carrying amount	<u>4,603</u>	<u>1,009</u>	<u>2,388</u>	<u>1,625</u>	<u>9,625</u>
31 December 2024	Machinery <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Leasehold improvements <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2024:					
Cost	5,209	1,009	2,822	2,546	11,586
Accumulated depreciation	<u>(606)</u>	<u>–</u>	<u>(434)</u>	<u>(921)</u>	<u>(1,961)</u>
Net carrying amount	<u>4,603</u>	<u>1,009</u>	<u>2,388</u>	<u>1,625</u>	<u>9,625</u>
At 1 January 2024, net of accumulated depreciation	4,603	1,009	2,388	1,625	9,625
Additions	334	717	–	106	1,157
Disposals	(5)	–	–	(47)	(52)
Transfers	373	(373)	–	–	–
Depreciation provided during the year	<u>(538)</u>	<u>–</u>	<u>(387)</u>	<u>(566)</u>	<u>(1,491)</u>
At 31 December 2024, net of accumulated depreciation	<u>4,767</u>	<u>1,353</u>	<u>2,001</u>	<u>1,118</u>	<u>9,239</u>
At 31 December 2024:					
Cost	5,906	1,353	2,821	2,502	12,582
Accumulated depreciation	<u>(1,139)</u>	<u>–</u>	<u>(820)</u>	<u>(1,384)</u>	<u>(3,343)</u>
Net carrying amount	<u>4,767</u>	<u>1,353</u>	<u>2,001</u>	<u>1,118</u>	<u>9,239</u>

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31 December 2025	Machinery RMB'000	Construction in progress RMB'000	Leasehold improvements RMB'000	Others RMB'000	Total RMB'000
At 1 January 2025:					
Cost	5,906	1,353	2,821	2,502	12,582
Accumulated depreciation	(1,139)	—	(820)	(1,384)	(3,343)
Net carrying amount	<u>4,767</u>	<u>1,353</u>	<u>2,001</u>	<u>1,118</u>	<u>9,239</u>
At 1 January 2025, net of accumulated depreciation	4,767	1,353	2,001	1,118	9,239
Additions	755	32,718	—	19	33,492
Disposals	—	—	—	(18)	(18)
Depreciation provided during the year	(608)	—	(387)	(510)	(1,505)
At 31 December 2025, net of accumulated depreciation	<u>4,914</u>	<u>34,071</u>	<u>1,614</u>	<u>609</u>	<u>41,208</u>
At 31 December 2025:					
Cost	6,661	34,071	2,821	2,393	45,946
Accumulated depreciation	(1,747)	—	(1,207)	(1,784)	(4,738)
Net carrying amount	<u>4,914</u>	<u>34,071</u>	<u>1,614</u>	<u>609</u>	<u>41,208</u>

14 LEASES

The Group as a lessee

The Group has lease contracts for various items of leasehold land and buildings used in its operations. Leases of leasehold land generally have lease terms of 50 years, while buildings generally have lease terms between 2 and 15 years.

(a) Right-of-use assets

The carrying amounts of the right-of-use assets and the movements during the Relevant Periods are as follows:

The Group

Year ended 31 December 2023	Land RMB'000	Buildings RMB'000	Total RMB'000
At the beginning of the year	47,016	95,032	142,048
Additions	—	24,518	24,518
Depreciation charge (note 6)	(957)	(9,194)	(10,151)
Disposal as a result of early cancellation of leases	—	(305)	(305)
At the end of the year	<u>46,059</u>	<u>110,051</u>	<u>156,110</u>

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Year ended 31 December 2024	Land <i>RMB’000</i>	Buildings <i>RMB’000</i>	Total <i>RMB’000</i>
At the beginning of the year	46,059	110,051	156,110
Additions	26,471	18,965	45,436
Depreciation charge (<i>note 6</i>)	(1,250)	(11,310)	(12,560)
Disposal of a subsidiary	–	(13,864)	(13,864)
Disposal as a result of early cancellation of leases	–	(81,273)	(81,273)
At the end of the year	<u>71,280</u>	<u>22,569</u>	<u>93,849</u>
Year ended 31 December 2025	Land <i>RMB’000</i>	Buildings <i>RMB’000</i>	Total <i>RMB’000</i>
At the beginning of the year	71,280	22,569	93,849
Additions	–	1,026	1,026
Depreciation charge (<i>note 6</i>)	<u>(1,839)</u>	<u>(5,647)</u>	<u>(7,486)</u>
At the end of the year	<u>69,441</u>	<u>17,948</u>	<u>87,389</u>
The Company			
Year ended 31 December 2023		Buildings <i>RMB’000</i>	Total <i>RMB’000</i>
At the beginning of the year		3,126	3,126
Additions		318	318
Depreciation charge		<u>(959)</u>	<u>(959)</u>
At the end of the year		<u>2,485</u>	<u>2,485</u>
Year ended 31 December 2024	Land <i>RMB’000</i>	Buildings <i>RMB’000</i>	Total <i>RMB’000</i>
At the beginning of the year	–	2,485	2,485
Additions	26,471	148	26,619
Depreciation charge	<u>(294)</u>	<u>(999)</u>	<u>(1,293)</u>
At the end of the year	<u>26,177</u>	<u>1,634</u>	<u>27,811</u>
Year ended 31 December 2025	Land <i>RMB’000</i>	Buildings <i>RMB’000</i>	Total <i>RMB’000</i>
At the beginning of the year	26,177	1,634	27,811
Additions	–	1,026	1,026
Depreciation charge	<u>(882)</u>	<u>(1,109)</u>	<u>(1,991)</u>
At the end of the year	<u>25,295</u>	<u>1,551</u>	<u>26,846</u>

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(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the Relevant Periods are as follows:

The Group

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of the year	96,811	115,541	23,318
New leases	24,518	18,965	1,026
Accretion of interest recognised during the year (note 7)	4,689	4,421	865
Payments	(10,159)	(12,536)	(6,226)
Disposal of a subsidiary	–	(15,539)	–
Disposal as a result of early cancellation of leases	(318)	(87,534)	–
Carrying amount at the end of the year	<u>115,541</u>	<u>23,318</u>	<u>18,983</u>
Analysed into:			
Current portion	9,663	4,948	5,576
Non-current portion	<u>105,878</u>	<u>18,370</u>	<u>13,407</u>

As at 31 December 2023, 31 December 2024 and 31 December 2025, certain leasehold land with net carrying amounts of approximately RMB46,059,000, RMB45,103,000 and RMB69,441,000 was pledged as security for bank facilities granted to the Group.

The Company

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of the year	3,227	2,686	1,849
New leases	318	148	1,026
Accretion of interest recognised during the year	147	106	81
Payments	(1,006)	(1,091)	(1,193)
Carrying amount at the end of the year	<u>2,686</u>	<u>1,849</u>	<u>1,763</u>
Analysed into:			
Current portion	951	699	1,161
Non-current portion	<u>1,735</u>	<u>1,150</u>	<u>602</u>

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Interest on lease liabilities (note 7)	4,689	4,421	865
Depreciation charge of right-of-use assets (note 6)	10,151	12,560	7,486
Expense relating to short-term leases or leases of low-value assets	<u>192</u>	<u>57</u>	<u>52</u>
Total amount recognised in profit or loss	<u>15,032</u>	<u>17,038</u>	<u>8,403</u>

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15 INTANGIBLE ASSETS

The Group

31 December 2023	Software RMB'000	Trademarks and patents RMB'000	Total RMB'000
At 1 January 2023:			
Cost	34	5,442	5,476
Accumulated amortisation	<u>(14)</u>	<u>(45)</u>	<u>(59)</u>
Net carrying amount	<u>20</u>	<u>5,397</u>	<u>5,417</u>
At 1 January 2023, net of accumulated amortisation	20	5,397	5,417
Additions	–	11	11
Amortisation provided during the year	<u>(11)</u>	<u>(545)</u>	<u>(556)</u>
At 31 December 2023, net of accumulated amortisation	<u>9</u>	<u>4,863</u>	<u>4,872</u>
At 31 December 2023:			
Cost	34	5,454	5,488
Accumulated amortisation	<u>(25)</u>	<u>(591)</u>	<u>(616)</u>
Net carrying amount	<u>9</u>	<u>4,863</u>	<u>4,872</u>
31 December 2024	Software RMB'000	Trademarks and patents RMB'000	Total RMB'000
At 1 January 2024:			
Cost	34	5,454	5,488
Accumulated amortisation	<u>(25)</u>	<u>(591)</u>	<u>(616)</u>
Net carrying amount	<u>9</u>	<u>4,863</u>	<u>4,872</u>
At 1 January 2024, net of accumulated amortisation	9	4,863	4,872
Disposal of a subsidiary	(3)	–	(3)
Amortisation provided during the year	<u>(6)</u>	<u>(545)</u>	<u>(551)</u>
At 31 December 2024, net of accumulated amortisation	<u>–</u>	<u>4,318</u>	<u>4,318</u>
At 31 December 2024:			
Cost	–	5,454	5,454
Accumulated amortisation	<u>–</u>	<u>(1,136)</u>	<u>(1,136)</u>
Net carrying amount	<u>–</u>	<u>4,318</u>	<u>4,318</u>

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31 December 2025	Trademarks and patents RMB'000	Total RMB'000
At 1 January 2025:		
Cost	5,454	5,454
Accumulated amortisation	<u>(1,136)</u>	<u>(1,136)</u>
Net carrying amount	<u>4,318</u>	<u>4,318</u>
At 1 January 2025, net of accumulated amortisation	4,318	4,318
Amortisation provided during the year	<u>(545)</u>	<u>(545)</u>
At 31 December 2025, net of accumulated amortisation	<u>3,773</u>	<u>3,773</u>
At 31 December 2025:		
Cost	5,454	5,454
Accumulated amortisation	<u>(1,681)</u>	<u>(1,681)</u>
Net carrying amount	<u>3,773</u>	<u>3,773</u>

16 INVESTMENTS IN SUBSIDIARIES

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Investment cost	140,052	206,000	217,787
Impairment (<i>note i</i>)	<u>(5,400)</u>	<u>(5,400)</u>	<u>(5,400)</u>
Total	<u>134,652</u>	<u>200,600</u>	<u>212,387</u>

Note:

- (i) Due to the business adjustment, the Company accrued impairment in the investment in a subsidiary, Jiecheng Recycling (Shenzhen) Supply Chain Co., Ltd. (“**Jiecheng Recycling**”) in 2023, mainly based on observable market prices of assets less incremental costs for disposing of the asset. During the Relevant Periods, no impairment provision was made for the Company’s investment in the subsidiaries except for Jiecheng Recycling.

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17 DEFERRED TAX

The movements in deferred tax assets and deferred tax liabilities of the Group and the Company during the Relevant Periods are as follows:

The Group

Deferred tax assets

	Lease liabilities <i>RMB’000</i>	Tax losses <i>RMB’000</i>	Deferred income <i>RMB’000</i>	Total <i>RMB’000</i>
At 1 January 2023	23,445	–	–	23,445
Deferred tax credited to the consolidated statement of profit or loss during the year	<u>3,819</u>	<u>–</u>	<u>–</u>	<u>3,819</u>
At 31 December 2023	<u>27,264</u>	<u>–</u>	<u>–</u>	<u>27,264</u>
At 1 January 2024	27,264	–	–	27,264
Deferred tax charged to the consolidated statement of profit or loss during the year	<u>(18,319)</u>	<u>–</u>	<u>–</u>	<u>(18,319)</u>
Disposal of a subsidiary	<u>(3,466)</u>	<u>–</u>	<u>–</u>	<u>(3,466)</u>
At 31 December 2024	<u>5,479</u>	<u>–</u>	<u>–</u>	<u>5,479</u>
At 1 January 2025	5,479	–	–	5,479
Deferred tax (charged)/credited to the consolidated statement of profit or loss during the year	<u>(1,147)</u>	<u>6,289</u>	<u>8,766</u>	<u>13,908</u>
At 31 December 2025	<u>4,332</u>	<u>6,289</u>	<u>8,766</u>	<u>19,387</u>

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Deferred tax liabilities

	Right-of-use assets <i>RMB'000</i>	Property, plant and equipment <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2023	23,445	–	23,445
Deferred tax charged to the consolidated statement of profit or loss during the year	<u>3,819</u>	<u>–</u>	<u>3,819</u>
At 31 December 2023	<u>27,264</u>	<u>–</u>	<u>27,264</u>
At 1 January 2024	27,264	–	27,264
Deferred tax credited to the consolidated statement of profit or loss during the year	(18,319)	–	(18,319)
Disposal of a subsidiary	<u>(3,466)</u>	<u>–</u>	<u>(3,466)</u>
At 31 December 2024	<u>5,479</u>	<u>–</u>	<u>5,479</u>
At 1 January 2025	5,479	–	5,479
Deferred tax charged/(credited) to the consolidated statement of profit or loss during the year	<u>(1,147)</u>	<u>15,055</u>	<u>13,908</u>
At 31 December 2025	<u>4,332</u>	<u>15,055</u>	<u>19,387</u>

For presentation purposes, deferred tax assets and liabilities have been offset in the statement of financial position.

The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	As at 31 December		
	2023 <i>RMB'000</i>	2024 <i>RMB'000</i>	2025 <i>RMB'000</i>
Net deferred tax assets recognised in the consolidated statement of financial position	–	–	–
Net deferred tax liabilities recognised in the consolidated statement of financial position	<u>–</u>	<u>–</u>	<u>–</u>

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The Company

Deferred tax assets

	Lease liabilities <i>RMB’000</i>	Total <i>RMB’000</i>
At 1 January 2023	469	469
Deferred tax charged to the consolidated statement of profit or loss during the year	<u>(96)</u>	<u>(96)</u>
At 31 December 2023	<u>373</u>	<u>373</u>
At 1 January 2024	373	373
Deferred tax charged to the consolidated statement of profit or loss during the year	<u>(128)</u>	<u>(128)</u>
At 31 December 2024	<u>245</u>	<u>245</u>
At 1 January 2025	245	245
Deferred tax charged to the consolidated statement of profit or loss during the year	<u>(12)</u>	<u>(12)</u>
At 31 December 2025	<u>233</u>	<u>233</u>

The Company

Deferred tax liabilities

	Right-of-use assets <i>RMB’000</i>	Total <i>RMB’000</i>
At 1 January 2023	469	469
Deferred tax credited to the consolidated statement of profit or loss during the year	<u>(96)</u>	<u>(96)</u>
At 31 December 2023	<u>373</u>	<u>373</u>
At 1 January 2024	373	373
Deferred tax credited to the consolidated statement of profit or loss during the year	<u>(128)</u>	<u>(128)</u>
At 31 December 2024	<u>245</u>	<u>245</u>
At 1 January 2025	245	245
Deferred tax credited to the consolidated statement of profit or loss during the year	<u>(12)</u>	<u>(12)</u>
At 31 December 2025	<u>233</u>	<u>233</u>

For presentation purposes, deferred tax assets and liabilities have been offset in the statement of financial position.

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The following is an analysis of the deferred tax balances of the Company for financial reporting purposes:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	–	–	–
Net deferred tax liabilities recognised in the consolidated statement of financial position	–	–	–

Deferred tax assets have not been recognised in respect of the following items:

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Tax losses not recognised	153,990	265,591	329,944
Deductible temporary differences	92,882	106,421	49,506
Total	246,872	372,012	379,450

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Tax losses not recognised	136,088	234,715	273,710
Deductible temporary differences	49,462	41,518	29,674
Total	185,550	276,233	303,384

As at 31 December 2023, 2024 and 2025, deferred tax assets have not been recognised in respect of tax losses of RMB153,990,000, RMB265,591,000 and RMB329,944,000 arising in the Chinese mainland, respectively, which will expire in one to ten years for offsetting against future taxable profits.

Deferred tax assets have not been recognised in respect of these losses and deductible temporary differences as they have arisen in the Company and its subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses and deductible temporary differences can be utilised.

18 INVENTORIES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Raw materials and consumables	40,869	57,239	75,659
Work in progress	–	3	5,721
Finished goods	201,897	113,057	125,852
Total	242,766	170,299	207,232

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The Company

	As at 31 December		
	2023 RMB'000	2024 RMB'000	2025 RMB'000
Raw materials and consumables	26,645	49,837	48,991
Work in progress	–	3	–
Finished goods	127,690	91,915	41,387
Total	154,335	141,755	90,378

19 TRADE AND BILLS RECEIVABLES

The Group

	As at 31 December		
	2023 RMB'000	2024 RMB'000	2025 RMB'000
Trade receivables	37,180	71,510	100,287
Bills receivable, carried at amortised cost (i)	13,539	9,617	282
Bills receivable from third parties, measured at fair value through other comprehensive income	–	7,283	22,800
Impairment	(1,896)	(5,973)	(7,430)
Net carrying amount	48,823	82,437	115,939

The Company

	As at 31 December		
	2023 RMB'000	2024 RMB'000	2025 RMB'000
Trade receivables from subsidiaries	76,383	2,295	86,532
Trade receivables from third parties	30,293	42,846	94,122
Bills receivable from subsidiaries, carried at amortised cost (ii)	5,280	30,000	–
Bills receivable from third parties, carried at amortised cost (i)	13,539	9,617	282
Bills receivable from third parties, measured at fair value through other comprehensive income	–	1,723	14,825
Impairment	(1,552)	(4,540)	(7,120)
Net carrying amount	123,943	81,941	188,641

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An ageing analysis of the trade and bills receivables as at the end of each of the Relevant Periods (based on the recognition date and net of loss allowance) is as follows:

The Group

	As at 31 December		
	2023 RMB’000	2024 RMB’000	2025 RMB’000
Within 3 months	48,823	82,178	115,583
3 to 6 months	–	234	342
6 months to 1 year	–	25	4
1 to 2 years	–	–	10
Total	<u>48,823</u>	<u>82,437</u>	<u>115,939</u>

The Company

	As at 31 December		
	2023 RMB’000	2024 RMB’000	2025 RMB’000
Within 3 months	123,943	81,941	188,294
3 to 6 months	–	–	342
6 months to 1 year	–	–	5
Total	<u>123,943</u>	<u>81,941</u>	<u>188,641</u>

The movements in the loss allowance for impairment of trade and bills receivables are as follows:

The Group

	As at 31 December		
	2023 RMB’000	2024 RMB’000	2025 RMB’000
At the beginning of the year	2,624	1,896	5,973
Impairment losses, net	<u>(728)</u>	<u>4,077</u>	<u>1,457</u>
At the end of the year	<u>1,896</u>	<u>5,973</u>	<u>7,430</u>

The Company

	As at 31 December		
	2023 RMB’000	2024 RMB’000	2025 RMB’000
At the beginning of the year	2,624	1,552	4,540
Impairment losses, net	<u>(1,072)</u>	<u>2,988</u>	<u>2,580</u>
At the end of the year	<u>1,552</u>	<u>4,540</u>	<u>7,120</u>

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Notes:

- (i) As at 31 December 2023, bills receivables from third parties of RMB13,539,000 were pledged as collateral for bank borrowings.

As at 31 December 2024, bills receivables from third parties of RMB7,800,000 were pledged as collateral for bank borrowings.

- (ii) As at 31 December 2023, bills receivables from subsidiaries, carried at amortised cost of RMB5,280,000 were pledged as collateral for bank borrowings.

The Group applies the simplified approach in calculating ECLs for trade and bills receivables. Trade and bills receivables relating to customers not sharing similar credit risk with others are assessed individually for impairment allowance. The remaining trade and bills receivables are grouped and collectively assessed for impairment allowance. Under the collective approach, an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on ageing analysis for grouping of customers that have similar loss patterns. The calculation reflects the age of the balance, existence of disputes, recent historical payment patterns, any other available information concerning the creditworthiness of counterparties and influence from macro economy.

The bills receivable held by the Group, which were measured at amortised cost and fair value through other comprehensive income, were mostly issued by reputable banks and had short-term maturities. Accordingly, the identified impairment loss was assessed to be minimal as at the end of each of the Relevant Periods.

Set out below is the information about the credit risk exposure on the Group’s trade and bills receivables using a provision matrix:

The Group

As at 31 December 2023

	Gross carrying amount <i>RMB’000</i>	Expected credit loss rate	Expected credit losses <i>RMB’000</i>
On a collective basis:			
Within 3 months	50,719	3.7%	1,896
Total	<u>50,719</u>	<u>3.7%</u>	<u>1,896</u>

As at 31 December 2024

	Gross carrying amount <i>RMB’000</i>	Expected credit loss rate	Expected credit losses <i>RMB’000</i>
On a collective basis:			
Within 3 months	85,623	4.0%	3,445
3 to 6 months	246	5.0%	12
6 months to 1 year	26	5.0%	1
On an individual basis	<u>2,515</u>	<u>100.0%</u>	<u>2,515</u>
Total	<u>88,410</u>	<u>6.8%</u>	<u>5,973</u>

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As at 31 December 2025

	Gross carrying amount <i>RMB'000</i>	Expected credit loss rate	Expected credit losses <i>RMB'000</i>
On a collective basis:			
Within 3 months	120,478	4.1%	4,895
3 to 6 months	360	5.0%	18
6 months to 1 year	5	5.0%	1
1 to 2 years	11	10.0%	1
On an individual basis	<u>2,515</u>	<u>100.0%</u>	<u>2,515</u>
Total	<u><u>123,369</u></u>	<u><u>6.0%</u></u>	<u><u>7,430</u></u>

The Company

As at 31 December 2023

	Gross carrying amount <i>RMB'000</i>	Expected credit loss rate	Expected credit losses <i>RMB'000</i>
On a collective basis:			
Within 3 months	<u>125,495</u>	<u>1.2%</u>	<u>1,552</u>
Total	<u><u>125,495</u></u>	<u><u>1.2%</u></u>	<u><u>1,552</u></u>

As at 31 December 2024

	Gross carrying amount <i>RMB'000</i>	Expected credit loss rate	Expected credit losses <i>RMB'000</i>
On a collective basis:			
Within 3 months	83,966	2.4%	2,025
On an individual basis	<u>2,515</u>	<u>100.0%</u>	<u>2,515</u>
Total	<u><u>86,481</u></u>	<u><u>5.2%</u></u>	<u><u>4,540</u></u>

As at 31 December 2025

	Gross carrying amount <i>RMB'000</i>	Expected credit loss rate	Expected credit losses <i>RMB'000</i>
On a collective basis:			
Within 3 months	192,881	2.4%	4,586
3 to 6 months	360	5.0%	18
6 months to 1 year	5	5.0%	1
On an individual basis	<u>2,515</u>	<u>100%</u>	<u>2,515</u>
Total	<u><u>195,761</u></u>	<u><u>3.6%</u></u>	<u><u>7,120</u></u>

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20 PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Prepayment for materials	20,171	66,390	59,937
Prepayment for equipment and construction	21,194	9,933	5,704
Other long term assets	–	11,823	11,823
Other prepayments	790	1,618	1,671
Deposits	22,416	10,304	8,965
Value-added tax recoverable	54,167	42,283	45,368
Prepaid income tax	8,131	–	–
Other receivables	8,251	7,229	7,148
	<u> </u>	<u> </u>	<u> </u>
Less: Impairment losses	(8,025)	(7,387)	(7,524)
Less: Non-current portion	<u>(21,194)</u>	<u>(21,756)</u>	<u>(17,527)</u>
Current portion	<u>105,901</u>	<u>120,437</u>	<u>115,565</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Prepayment for materials	14,230	59,720	29,011
Prepayment for equipment and construction	–	61	29
Other prepayments	143	707	369
Deposits	4,133	2,356	3,343
Receivables from subsidiaries	188,350	146,250	202,468
Value-added tax recoverable	20,649	6,769	19,728
Prepaid income tax	8,131	–	–
Other receivables	8,117	7,091	7,041
	<u> </u>	<u> </u>	<u> </u>
Less: Impairment losses	(7,111)	(6,955)	(7,122)
Less: Non-current portion	<u>–</u>	<u>(61)</u>	<u>(29)</u>
Current portion	<u>236,642</u>	<u>215,938</u>	<u>254,838</u>

At the end of each of the Relevant Periods, the ECLs of the financial assets included in receivables from related parties-group companies and other receivables were measured based on the 12-month expected credit loss if these financial assets were not past due. Otherwise, the above-mentioned financial assets were measured based on the lifetime expected credit loss. An impairment analysis was performed at the end of each of the Relevant Periods.

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21 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Wealth management products, at fair value	—	452	50,300
Total	—	452	50,300

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Wealth management products, at fair value	—	—	50,300
Total	—	—	50,300

The financial assets above were wealth management products 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.

22 CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash and bank balances	63,463	101,545	102,152
Subtotal	63,463	101,545	102,152
Less: Pledged and restricted deposits	(6,000)	(20,000)	(9,389)
Total cash and cash equivalents	57,463	81,545	92,763

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash and bank balances	49,102	62,373	77,968
Subtotal	49,102	62,373	77,968
Less: Pledged and restricted deposits	—	(20,000)	(600)
Total cash and cash equivalents	49,102	42,373	77,368

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At the end of each of the Relevant Periods, the amount of cash and bank balances of the Group denominated in non-RMB currencies was minimal. Cash at banks earns interest at floating rates based on daily bank deposit rate. The bank balances are deposited with creditworthy banks with no recent history of default. At the end of each of the Relevant Periods, the Group and the Company assessed the credit risk of bank balances and considered the risk to be minimal as they were placed in reputable financial institutions.

As at 31 December 2023 and 31 December 2024, certain bank balances, amounting to RMB6,000,000 and RMB20,000,000, respectively, were pledged due to the issuance of bank-insured bills. As at 31 December 2025, a certain bank balance amounting to RMB9,389,000 was frozen by judicial authorities for litigations.

23 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 recognition date, is as follows:

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	9,682	22,275	85,008
1 to 2 years	–	402	695
2 to 3 years	–	–	388
Total	<u>9,682</u>	<u>22,677</u>	<u>86,091</u>

Trade payables are non-interest-bearing. The suppliers generally require the Group to pay a certain percentage of payment in advance, with the balance settled after goods delivery and mutual confirmation of the settlement statement. The suppliers generally grant the Group a credit period of nil to 10 days. At the end of each of the Relevant Periods, the carrying amounts of trade and bills payables approximated to their fair values.

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	46,618	67,715	121,761
1 to 2 years	–	14	661
Total	<u>46,618</u>	<u>67,729</u>	<u>122,422</u>

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24 INTEREST-BEARING BANK BORROWINGS

The Group

31 December 2023	Effective interest rate	Maturity	2023 RMB’000
Current			
Bank loans — secured (ii)	0.71%–1.30%	2024	13,539
Bank loans-unsecured	2.48%	2024	5,280
Bank loans — secured (iii) (34c)	2.68%–4.80%	2024	126,379
Current portion of long-term bank loans — secured (iv) (34c)	3.85%–3.95%	2024	<u>116</u>
Total — current			<u>145,314</u>
Non-current			
Bank loans — secured (iv) (34c)	3.85%–3.95%	2025–2032	<u>154,801</u>
Total — non-current			<u>154,801</u>
Total			<u>300,115</u>
31 December 2024	Effective interest rate	Maturity	2024 RMB’000
Current			
Bank loans — secured (ii)	2.65%	2025	7,800
Bank loans — secured (iii) (34c)	3.00%	2025	60,051
Bank loans — unsecured	1.15%–3.22%	2025	186,348
Current portion of long-term bank loans — secured (iv) (34c)	3.75%–3.85%	2025	<u>33,574</u>
Total — current			<u>287,773</u>
Non-current			
Bank loans — secured (iv) (34c)	3.75%–3.85%	2026–2032	<u>223,919</u>
Total — non-current			<u>223,919</u>
Total			<u>511,692</u>

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31 December 2025	Effective interest rate	Maturity	2025 RMB'000
Current			
Bank loans — secured (iv) (34c)	2.70%	2026	9,988
Bank loans — unsecured	1.75%–3.15%	2026	271,837
Current portion of long-term bank loans — unsecured	3.00%	2026	601
Current portion of long-term bank loans — secured (iv) (34c)	3.15%–3.85%	2026	<u>32,431</u>
Total — current			<u>314,857</u>
Non-current			
Bank loans — secured (iv) (34c)	2.50%–3.85%	2027–2033	224,293
Bank loans — unsecured	3.00%	2027–2028	<u>34,050</u>
Total — non-current			<u>258,343</u>
Total			<u>573,200</u>

Notes:

- (i) The Group’s bank borrowings are all denominated in RMB.
- (ii) The secured bank borrowings as at 31 December 2023 totaling RMB13,539,000 were pledged by trade and bills receivables (note 19) of the Group.

The secured bank borrowings as at 31 December 2024 totaling RMB7,800,000 were pledged by trade and bills receivables (note 19) of the Group.

- (iii) The secured bank borrowings as at 31 December 2023 of RMB104,489,000 was guaranteed by Mr. Zheng Weipeng (note 34), and the remaining amount of RMB21,890,000 was jointly guaranteed by Mr. Zheng Weipeng, Guangdong Jiecheng New Energy Materials Technology Co., Ltd and the Company.

The secured bank borrowings as at 31 December 2024 totaling RMB60,051,000 were secured by Mr. Zheng Weipeng (note 34).

- (iv) The secured bank borrowings as at 31 December 2023 totaling RMB154,917,000 were secured by the land use right with certificate number Yue (2022) Jiangmen City Real Estate Right No.2018206 (note 14), Mr. Zheng Weipeng (note 34) and the Company.

The secured bank borrowings as at 31 December 2024 totaling RMB257,493,000 were secured by the land use right with certificate number Yue (2022) Jiangmen City Real Estate Right No.2018206 (note 14), Mr. Zheng Weipeng (note 34) and the Company.

The secured bank borrowings as at 31 December 2025 of RMB22,803,000 were secured by the land use right with certificate No. G10401–0705 (note 14), and with a net carrying amount of approximately RMB243,909,000 was secured by the land use right with certificate number Yue (2022) Jiangmen City Real Estate Right No.2018206 (note 14), property, plant and equipment (note 13), Mr. Zheng Weipeng (note 34) and the Company.

- (v) As at 31 December 2023, 2024 and 2025, the Group and the Company were not in violation of the covenants related to bank loans.

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An analysis of the maturity of borrowings is as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Analysed into:			
Bank loans repayable:			
Within one year	145,314	287,773	314,857
1 to 3 years	38,700	64,325	103,608
3 to 5 years	38,700	64,325	73,285
Beyond 5 years	77,401	95,269	81,450
Total	300,115	511,692	573,200

The Company

	Effective interest rate	Maturity	2023 RMB'000
31 December 2023			
Current			
Bank loans — secured	0.71%–2.48%	2024	18,819
Bank loans — secured (34c)	2.68%–3.20%	2024	126,379
Total — current			145,198
Total			145,198
	Effective interest rate	Maturity	2024 RMB'000
31 December 2024			
Current			
Bank loans — secured	2.65%	2025	7,800
Bank loans — secured (34c)	3.00%–3.15%	2025	60,051
Bank loans — unsecured	2.70%–3.22%	2025	166,347
Total — current			234,198
Total			234,198

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31 December 2025	Effective interest rate	Maturity	2025 RMB’000
Current			
Bank loans — unsecured	1.75%–3.15%	2026	261,849
Current portion of long-term bank loans — secured (34c)	3.00%	2026	18
Current portion of long-term bank loans — unsecured	3.00%	2026	601
Total — current			<u>262,468</u>
Non-current			
Bank loans — secured (34c)	3.00%	2026–2033	22,785
Bank loans — unsecured	3.00%	2026–2028	34,050
Total — non-current			<u>56,835</u>
Total			<u>319,303</u>

An analysis of the maturity of borrowings is as follows:

	As at 31 December		
	2023 RMB’000	2024 RMB’000	2025 RMB’000
Analysed into:			
Bank loans repayable:			
Within one year	145,198	234,198	262,468
1 to 3 years	–	–	36,845
3 to 5 years	–	–	6,522
Beyond 5 years	–	–	13,468
Total	<u>145,198</u>	<u>234,198</u>	<u>319,303</u>

25 OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December		
	2023 RMB’000	2024 RMB’000	2025 RMB’000
Payroll and welfare payable	5,138	7,232	7,032
Payables for purchase of property, plant and equipment	5,831	66,528	16,725
Security deposits	1,169	1,230	750
Service fee payables	337	7,522	7,710
Investment received in advance	–	–	10,000
Other tax payables	1,960	945	3,115
Others	14,880	4,256	8,276
Total	<u>29,315</u>	<u>87,713</u>	<u>53,608</u>

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The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Payroll and welfare payable	3,209	5,046	4,628
Payables for purchase of property, plant and equipment	355	117	152
Security deposits	99	980	750
Payables to subsidiaries	22,000	–	37,216
Service fee payables	335	479	498
Investment received in advance	–	–	10,000
Other tax payables	1,425	631	2,760
Others	859	2,173	5,133
Total	<u>28,282</u>	<u>9,426</u>	<u>61,137</u>

Other payables are unsecured and repayable on demand.

26 CONTRACT LIABILITIES

The Group recognised the following revenue-related contract liabilities:

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Advances from customers	<u>10,099</u>	<u>2,607</u>	<u>33,003</u>
Total	<u>10,099</u>	<u>2,607</u>	<u>33,003</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Advances from customers	<u>9,447</u>	<u>1,744</u>	<u>17,994</u>
Total	<u>9,447</u>	<u>1,744</u>	<u>17,994</u>

The Group receives payments from customers based on billing schedules as established in the contracts. A portion of payments is usually received in advance of the transfer of the related goods under the contracts.

27 DEFERRED INCOME

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Government grants and subsidies	<u>–</u>	<u>38,966</u>	<u>35,066</u>

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28 PAID-IN CAPITAL

A summary of movements in the Company’s paid-in capital is as follows:

	As at 31 December <i>RMB’000</i>
At 1 January 2023	37,548
Capital injection	<u>6,369</u>
At 31 December 2023	<u><u>43,917</u></u>
At 31 December 2023 and 1 January 2024	<u>43,917</u>
At 31 December 2024	<u><u>43,917</u></u>
At 31 December 2024 and 1 January 2025	<u>43,917</u>
At 31 December 2025	<u><u>43,917</u></u>

In March 2023, the Company obtained capital injections of RMB310,000,000 from certain [REDACTED] investors. Of the total amount, RMB6,369,000 was recognised as paid-in capital, after deducting of professional fees related to capital injection with the amount of RMB6,347,000, the remaining RMB297,284,000 was recorded as capital reserve in accordance with the relevant terms of the investment agreement.

From 2022 onwards and during the Relevant Periods, the Company entered into respective shareholders’ agreements and share subscription agreements (collectively, the “[REDACTED] Investors Agreements”) with various [REDACTED] Investors (collectively, the “[REDACTED] Investors”) and issued ordinary shares thereto with a total consideration of approximately RMB424,630,000 (collectively, the “[REDACTED] Investments”) with the respective par value being recorded as paid-in capital and the remainder as reserves. Pursuant to the [REDACTED] Investors Agreements, the [REDACTED] Investors were granted redemption rights by the Company.

There was no exercise of redemption rights granted by the Company throughout the Relevant Periods.

On 26 May 2026, the Company and the [REDACTED] Investors subsequently entered into supplemental agreements (the “**Supplemental Agreements**”), agreeing that the redemption rights granted by the Company have been irrevocably terminated and shall be void ab initio. Taking into account the legal and regulatory framework of the Company’s jurisdiction and the governing law of the Supplemental Agreements, the directors considered that it is appropriate to present the [REDACTED] Investments as equity throughout the Relevant Periods.

Had the redemption rights granted by the Company to the [REDACTED] Investors been accounted for as financial liabilities measured at present value of the redemption amount prior to entering into the Supplemental Agreements on 26 May 2026, (i) the redemption financial liabilities, total current liabilities, net current assets, total assets less current liabilities, total non-current liabilities and net assets would have been:

	As at 31 December 2023 <i>RMB’000</i>	As at 31 December 2024 <i>RMB’000</i>
Redemption financial liabilities	457,077	491,047
Total non-current liabilities	717,756	772,302
Net assets	<u><u>(37,611)</u></u>	<u><u>(162,210)</u></u>

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	As at 31 December 2025 RMB’000
Redemption financial liabilities	525,018
Total current liabilities	1,018,153
Net current assets	(426,965)
Total assets less current liabilities	124,964
Net assets	<u>(181,852)</u>

and (ii) the finance costs associated with the redemption financial liabilities, the net loss for the year, and the basic and diluted loss per share would have been:

	For the year ended 31 December 2023	2024	2025
Finance costs associated with the redemption financial liabilities (RMB’000)	28,799	33,970	33,970
(Loss)/Profit for the year attributable to owners of the parent, used in the basic (loss)/earnings per share calculation (RMB’000)	(150,930)	(94,311)	16,241
Total net loss (RMB’000)	(179,729)	(128,281)	(17,729)
Basic and diluted loss per share (expressed in RMB)	<u>(4.21)</u>	<u>(2.92)</u>	<u>(0.40)</u>

29 SHARE-BASED PAYMENTS

To provide incentives and rewards to eligible participants who contribute to the Group’s operation, the Company has designed and established a shareholding platform to operate restricted share incentive schemes (the “Schemes”). The restricted shares granted to the employees or other service providers under the Schemes shall be vested upon completion of certain service period. The shares granted are subject to restrictions on transfer, disposal and such other limitations set forth in the plan. After the grant of the awards, the participants became limited partners of the incentive platform. Mr. Zheng Weipeng, the chairman of the board of directors of the Company, acts as the general partner of the platform, and is obliged to repurchase the shares of the resigned eligible participants at subscription prices.

At the early stage of the Company, Mr. Zheng Weipeng, the founder of the Company transferred shares to partners and management at a price lower than fair value, which was also considered as share-based payment.

The fair value of restricted share awards is measured at the grant date based on the difference between the Company’s recent share transaction price and the grantee’s subscription price.

Movements in the number of restricted shares under the Schemes during the Relevant Periods are as follows:

	Year ended 31 December 2023 ’000	2024 ’000	2025 ’000
At beginning of the year	994	559	616
Granted	65	57	142
Vested	(500)	–	–
Forfeited	<u>–</u>	<u>–</u>	<u>(365)</u>
At end of the year	<u>559</u>	<u>616</u>	<u>393</u>

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Share-based payment expenses during the Relevant Periods are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Restricted shares granted by the Company	<u>2,229</u>	<u>2,165</u>	<u>(1,732)</u>

30 RESERVES

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.

(a) Capital reserve

The capital reserve of the Group includes the share premium contributed by the shareholders of the Company.

(b) Share-based payment reserve

The share-based payment reserve represents the equity-settled share awards as set out in note 29 to the Historical Financial Information.

(c) Statutory reserve

In accordance with the PRC Company Law, the Group is required to appropriate 10% of its net profits after tax, as determined under the Chinese Accounting Standards, to the statutory reserve until the reserve balance reaches 50% of its registered capital. Subject to certain restrictions set out in the relevant PRC regulations, the statutory reserve may be used either to offset losses, or to be converted to increase paid-in capital or share capital, provided that the balance after such conversion is not less than 25% of the registered capital. The reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends.

(d) Special reserve — safety funds

Pursuant to the Management Measures for the Extraction and Use of Enterprise Safety Production Funds, the Group is required to set aside an amount for maintenance, production and other similar funds. The funds can be used for the maintenance of production and improvements in safety and are not available for distribution to shareholders.

The following tables set forth the reserves of the Company:

	Capital reserve RMB'000	Share-based payment reserve RMB'000	Statutory reserve RMB'000	Retained profits/ (Accumulated losses) RMB'000	Total reserves RMB'000
At 1 January 2023	173,832	2,593	9,264	58,030	243,719
Loss for the year	<u>—</u>	<u>—</u>	<u>—</u>	<u>(108,585)</u>	<u>(108,585)</u>
Total comprehensive loss for the year	<u>—</u>	<u>—</u>	<u>—</u>	<u>(108,585)</u>	<u>(108,585)</u>
Capital injection	297,284	—	—	—	297,284
Share-based payment expenses	—	2,229	—	—	2,229
Share-based payments-vested	<u>2,000</u>	<u>(2,000)</u>	<u>—</u>	<u>—</u>	<u>—</u>
At 31 December 2023	<u>473,116</u>	<u>2,822</u>	<u>9,264</u>	<u>(50,555)</u>	<u>434,647</u>

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	Capital reserve <i>RMB'000</i>	Share-based payment reserve <i>RMB'000</i>	Statutory reserve <i>RMB'000</i>	Accumulated losses <i>RMB'000</i>	Total reserves <i>RMB'000</i>
At 1 January 2024	473,116	2,822	9,264	(50,555)	434,647
Loss for the year	—	—	—	(55,834)	(55,834)
Total comprehensive loss for the year	—	—	—	(55,834)	(55,834)
Share-based payment expenses	—	2,052	—	—	2,052
At 31 December 2024	473,116	4,874	9,264	(106,389)	380,865
	Capital reserve <i>RMB'000</i>	Share-based payment reserve <i>RMB'000</i>	Statutory reserve <i>RMB'000</i>	Accumulated losses <i>RMB'000</i>	Total reserves <i>RMB'000</i>
At 1 January 2025	473,116	4,874	9,264	(106,389)	380,865
Loss for the year	—	—	—	(2,943)	(2,943)
Total comprehensive loss for the year	—	—	—	(2,943)	(2,943)
Share-based payment expenses	—	(1,855)	—	—	(1,855)
At 31 December 2025	473,116	3,019	9,264	(109,332)	376,067

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31 DISPOSAL OF A SUBSIDIARY

On 14 June 2024, the Group disposed of a 55% interest in Guangdong Jiecheng New Energy Environmental Protection Technology Co., Ltd.

The amounts of the assets and liabilities of Guangdong Jiecheng New Energy Environmental Protection Technology Co., Ltd. as at the date of disposal are as follows:

	2024
	<i>RMB'000</i>
Net assets disposed of:	
Property, plant and equipment	5,266
Right-of-use assets	13,864
Intangible assets	3
Inventories	66
Cash and cash equivalents	1,003
Other current assets	3,316
Trade and bills payables	(214)
Other payables and accruals	(7,202)
Lease liabilities	(15,539)
Non-controlling interests	2,258
Subtotal	2,821
Gain on disposal of a subsidiary	<u>4,329</u>
 Total consideration	 <u><u>7,150</u></u>
 Satisfied by:	
Cash	 <u><u>7,150</u></u>

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	2024
	<i>RMB'000</i>
Cash consideration	7,150
Cash and bank balances disposed of	<u>(1,003)</u>
 Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	 <u><u>6,147</u></u>

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32 NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the years ended 31 December 2023, 2024 and 2025, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB24,518,000, RMB18,965,000 and RMB1,026,000, respectively, in respect of lease arrangements for buildings.

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank borrowings <i>RMB'000</i>	Lease liabilities <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2023	103,898	96,811	200,709
Changes from financing cash flows*	195,726	(5,470)	190,256
New leases	–	24,518	24,518
Disposal as a result of early cancellation of leases	–	(318)	(318)
Interest accrued	6,237	4,689	10,926
Interest paid	(5,746)	(4,689)	(10,435)
At 31 December 2023	<u>300,115</u>	<u>115,541</u>	<u>415,656</u>
	Interest-bearing bank borrowings <i>RMB'000</i>	Lease liabilities <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2024	300,115	115,541	415,656
Changes from financing cash flows*	228,993	(8,115)	220,878
New leases	–	18,965	18,965
Disposal as a result of early cancellation of leases	–	(87,534)	(87,534)
Disposal of a subsidiary	–	(15,539)	(15,539)
Interest accrued	15,210	4,421	19,631
Interest paid	(13,807)	(4,421)	(18,228)
Non-cash settlement**	(18,819)	–	(18,819)
At 31 December 2024	<u>511,692</u>	<u>23,318</u>	<u>535,010</u>
	Interest-bearing bank borrowings <i>RMB'000</i>	Lease liabilities <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2025	511,692	23,318	535,010
Changes from financing cash flows*	88,198	(5,361)	82,837
New leases	–	1,026	1,026
Interest accrued	15,201	865	16,066
Interest paid	(14,091)	(865)	(14,956)
Non-cash settlement**	(27,800)	–	(27,800)
At 31 December 2025	<u>573,200</u>	<u>18,983</u>	<u>592,183</u>

* The principal portion of lease payments stated in the consolidated statements of cash flows includes input VAT related to payments of lease liabilities.

** The non-cash settlement comprises the settlement of borrowings arising from pledged trade and bills receivables.

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(c) Total cash outflow for leases

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Short-term lease payments and payments for leases of low-value assets not included in the measurement of the lease liability within operating activities	192	57	52
Cash payments for the interest portion of the lease liability within operating activities	4,689	4,421	865
Cash payments for the principal portion of the lease liability within financing activities	<u>6,384</u>	<u>9,243</u>	<u>5,921</u>
Total	<u><u>11,265</u></u>	<u><u>13,721</u></u>	<u><u>6,838</u></u>

33 PLEDGE OF ASSETS

Details of the Group’s assets pledged at the end of each of the Relevant Periods are included in notes 13, 14, 22 and 24 to the Historical Financial Information.

34 RELATED PARTY TRANSACTIONS

(a) Names and relationships

(1) Major shareholders

Share percentage in the Company:

	As at 31 December		
	2023	2024	2025
Mr. Zheng Weipeng	9.98%	9.98%	9.98%
Shenzhen Jiecheng Investment Consulting Co., Ltd.	30.47%	30.47%	30.47%
Shenzhen Jiecheng Enterprise Management Partnership Enterprise (Limited Partnership)	<u>20.21%</u>	<u>20.21%</u>	<u>20.21%</u>

The ultimate controlling shareholder of the Company is Mr. Zheng Weipeng.

(2) Subsidiaries of the Company

The detailed information of the Company’s subsidiaries is set out in note 1.

(3) Another related party of the Group

Name of the related party	Relationship with the Group
Shenzhen Jiecheng Zhiyuan Enterprise Management Partnership (Limited Partnership)	Controlled by the ultimate controlling shareholder

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(b) **Balances of related party transactions between the Group and a related party**

The Group

(1) *Prepayments, deposits and other receivables*

Name of related party	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Shenzhen Jiecheng Zhiyuan Enterprise Management Partnership (Limited Partnership)	950	–	–

(c) **Related party guarantees**

At 31 December 2023

Granter	Guaranteed party	Guarantee amount RMB'000	Inception date of guarantee	Expiry date of guarantee	Whether performance of guarantee has been completed	Outstanding draw amount under guarantee RMB'000
Mr. Zheng Weipeng	The Company	150,000	11 November 2022	Three years after the final repayment period	No	36,636
Mr. Zheng Weipeng	The Company	55,000	15 June 2023	Three years after the final repayment period	No	21,890
Mr. Zheng Weipeng	The Company	200,000	23 November 2022	–	No	67,853
Mr. Zheng Weipeng	A subsidiary of the Company	400,000	December 2022	Three years after the final repayment period	No	154,917
Total						281,296

At 31 December 2024

Granter	Guaranteed party	Guarantee amount RMB'000	Inception date of guarantee	Expiry date of guarantee	Whether performance of guarantee has been completed	Outstanding draw amount under guarantee RMB'000
Mr. Zheng Weipeng	The Company	150,000	11 November 2022	Three years after the final repayment period	No	60,051
Mr. Zheng Weipeng	A subsidiary of the Company	400,000	December 2022	Three years after the final repayment period	No	257,493
Total						317,544

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At 31 December 2025

Granter	Guaranteed party	Guarantee amount <i>RMB'000</i>	Inception date of guarantee	Expiry date of guarantee	Whether performance of guarantee has been completed	Outstanding draw amount under guarantee <i>RMB'000</i>
Mr.Zheng Weipeng	The Company	240,000	4 July 2025	Three years after the final repayment period	No	22,803
Mr.Zheng Weipeng	A subsidiary of the Company	300,000	July 2025	Three years after the final repayment period	No	243,909
Total						<u>266,712</u>

(d) Related party lease

At 31 December 2023

Lessor	Lessee	Right-of-use assets <i>RMB'000</i>	Lease liabilities <i>RMB'000</i>	Depreciation charge <i>RMB'000</i>	Accretion of interest recognised during the year <i>RMB'000</i>
Mr. Zheng Weipeng	The Company	265	330	53	12

At 31 December 2024

Lessor	Lessee	Right-of-use assets <i>RMB'000</i>	Lease liabilities <i>RMB'000</i>	Depreciation charge <i>RMB'000</i>	Accretion of interest recognised during the year <i>RMB'000</i>
Mr. Zheng Weipeng	The Company	212	340	53	10

At 31 December 2025

Lessor	Lessee	Right-of-use assets <i>RMB'000</i>	Lease liabilities <i>RMB'000</i>	Depreciation charge <i>RMB'000</i>	Accretion of interest recognised during the year <i>RMB'000</i>
Mr. Zheng Weipeng	The Company	159	349	53	9

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35 COMMITMENTS AND CONTINGENCIES

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
Contracted, but not provided for:			
Property, plant and equipment	195,687	83,461	235,317
Acquisition of a target company*	<u>—</u>	<u>—</u>	<u>28,733</u>
Total	<u>195,687</u>	<u>83,461</u>	<u>264,050</u>

* A subsidiary of the Company entered into an agreement to acquire a target company. The total consideration amounts to MYR16,590,000 (equivalent to RMB28,733,000), comprising MYR6,985,000 for the purchase of shares from existing shareholders and MYR9,605,000 for the subscription of additional shares.

As of December 31, 2023, 2024 and 2025, we had contingent liabilities of nil, nil and RMB4,625,000, respectively.

As of December 31, 2025, the amount of two pending litigations against us were RMB9,389,000, and the amount of two pending arbitrations against us were RMB5,736,000. Taking into account the first-instance judgment of one litigation, the court ruling dismissing the claims in another litigation, and the settlement reached in the arbitrations, we have considered the associated risks and uncertainties and made a provision of RMB10,500,000 in total.

36 FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of the categories of financial instruments at the end of each of the Relevant Periods are as follows:

The Group

As at 31 December 2023

Financial assets

	Financial assets at amortised cost	Total
	RMB'000	RMB'000
Trade and bills receivables	48,823	48,823
Financial assets included in prepayments, other receivables and other assets	22,642	22,642
Pledged and restricted deposits	6,000	6,000
Cash and cash equivalents	<u>57,463</u>	<u>57,463</u>
Total	<u>134,928</u>	<u>134,928</u>

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Financial liabilities

	Financial liabilities at amortised cost RMB’000
Trade and bills payables	9,682
Interest-bearing bank borrowings	300,115
Financial liabilities included in other payables and accruals	<u>22,217</u>
Total	<u><u>332,014</u></u>

As at 31 December 2024

Financial assets

	Financial assets at fair value through profit or loss RMB’000	Financial assets at fair value through other comprehensive income Debt investments RMB’000	Financial assets at amortised cost RMB’000	Total RMB’000
Trade and bills receivables	–	7,283	75,154	82,437
Financial assets included in prepayments, other receivables and other assets	–	–	10,146	10,146
Financial assets at fair value through profit or loss	452	–	–	452
Pledged and restricted deposits	–	–	20,000	20,000
Cash and cash equivalents	<u>–</u>	<u>–</u>	<u>81,545</u>	<u>81,545</u>
Total	<u><u>452</u></u>	<u><u>7,283</u></u>	<u><u>186,845</u></u>	<u><u>194,580</u></u>

Financial liabilities

	Financial liabilities at amortised cost RMB’000
Trade and bills payables	22,677
Interest-bearing bank borrowings	511,692
Financial liabilities included in other payables and accruals	<u>79,536</u>
Total	<u><u>613,905</u></u>

APPENDIX I

ACCOUNTANTS’ REPORT

As at 31 December 2025

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	Mandatorily designated as such RMB’000	Debt investments RMB’000	RMB’000	RMB’000
Trade and bills receivables	–	22,800	93,139	115,939
Financial assets included in prepayments, other receivables and other assets	–	–	8,589	8,589
Financial assets at fair value through profit or loss	50,300	–	–	50,300
Pledged and restricted deposits	–	–	9,389	9,389
Cash and cash equivalents	–	–	92,763	92,763
Total	<u>50,300</u>	<u>22,800</u>	<u>203,880</u>	<u>276,980</u>

Financial liabilities

	Financial liabilities at amortised cost RMB’000
Trade and bills payables	86,091
Financial liabilities included in other payables and accruals	39,981
Interest-bearing bank borrowings	<u>573,200</u>
Total	<u>699,272</u>

37 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts of the following financial instruments reasonably approximate their fair values because, for example, they are short term in nature or frequently repriced at current market rates:

Assets: Trade and bills receivables, other receivables, financial assets at fair value through profit or loss, pledged and restricted deposits, cash and cash equivalents, etc.

Liabilities: Trade and bills payables, interest-bearing bank borrowings, other payables and accruals, lease liabilities, etc.

The Group’s finance team headed by the finance managers is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance team reports directly to the head of finance. At each reporting date, the finance 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 chief financial officer.

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.

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The Group has designated bills receivable as financial assets at fair value through other comprehensive income. These assets primarily represent bills receivable held by the Group in the ordinary course of business, under a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets. In addition, the Group also invests in other financial assets at fair value through profit or loss, mainly consisting of wealth management products issued by banks in the Chinese mainland. The fair values of these structured deposits have been estimated based on the net asset values announced by the banks at the end of each reporting period.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group’s financial instruments.

Assets and liabilities measured at fair value

The Group

As at 31 December 2023, the Group did not have any financial assets or liabilities measured at fair value.

As at 31 December 2024

	Year ended 31 December 2024		
	Quoted prices in active markets (Level 1) RMB’000	Significant observable inputs (Level 2) RMB’000	Total RMB’000
Financial assets			
Financial assets at fair value through profit or loss	452	–	452
Trade and bills receivables	–	7,283	7,283
Total	452	7,283	7,735

As at 31 December 2024, the Group did not have any financial liabilities measured at fair value.

As at 31 December 2025

	Year ended 31 December 2025		
	Quoted prices in active markets (Level 1) RMB’000	Significant observable inputs (Level 2) RMB’000	Total RMB’000
Financial assets			
Financial assets at fair value through profit or loss	50,300	–	50,300
Trade and bills receivables	–	22,800	22,800
Total	50,300	22,800	73,100

As at 31 December 2025, the Group did not have any financial liabilities measured at fair value.

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38 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group’s principal financial instruments, other than financial assets at FVTPL, comprise interest-bearing bank borrowings, pledged deposits, and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group’s operations. The Group has various other financial assets and liabilities such as trade and bills receivables, trade and bills payables, financial assets included in prepayments, deposits and other receivables, and financial liabilities included in other payables and accruals, which arise directly from its operations.

The main risks arising from the Group’s financial instruments are credit risk, interest rate risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Credit risk

An impairment analysis was 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 ageing for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Maximum exposure and year-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Group’s credit policy, which is mainly based on ageing 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.

The Group

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB’000	Stage 2 RMB’000	Stage 3 RMB’000	Simplified approach RMB’000	Total RMB’000
Trade and bills receivables	–	–	–	50,719	50,719
Financial assets included in prepayments, other receivables and other assets					
— Normal	23,835	–	–	–	23,835
— Doubtful	–	–	6,832	–	6,832
Pledged and restricted deposits					
— Not yet past due	6,000	–	–	–	6,000
Cash and cash equivalents					
— Not yet past due	57,463	–	–	–	57,463
Total	87,298	–	6,832	50,719	144,849

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As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade and bills receivables	–	–	–	88,410	88,410
Financial assets included in prepayments, other receivables and other assets					
— Normal	10,701	–	–	–	10,701
— Doubtful	–	–	6,832	–	6,832
Pledged and restricted deposits					
— Not yet past due	20,000	–	–	–	20,000
Cash and cash equivalents					
— Not yet past due	81,545	–	–	–	81,545
Total	112,246	–	6,832	88,410	207,488

As at 31 December 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade and bills receivables	–	–	–	123,369	123,369
Financial assets included in prepayments, other receivables and other assets					
— Normal	9,281	–	–	–	9,281
— Doubtful	–	–	6,832	–	6,832
Pledged and restricted deposits					
— Not yet past due	9,389	–	–	–	9,389
Cash and cash equivalents					
— Not yet past due	92,763	–	–	–	92,763
Total	111,433	–	6,832	123,369	241,634

Interest rate risk

The Group’s exposure to the risk of changes in market interest rates relates primarily to the Group’s interest-bearing bank borrowings with a floating interest rate.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group’s profit before tax through the impact on floating rate borrowings.

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The Group

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax RMB’000
Year ended 31 December 2023		
Interest-bearing bank borrowings	50	(1,406)
	<u>(50)</u>	<u>1,406</u>
Year ended 31 December 2024		
Interest-bearing bank borrowings	50	(2,557)
	<u>(50)</u>	<u>2,557</u>
Year ended 31 December 2025		
Interest-bearing bank borrowings	50	(2,863)
	<u>(50)</u>	<u>2,863</u>

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade and bills receivables) and projected cash flows from operations.

The maturity profile of the Group’s financial liabilities and lease liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

The Group

As at 31 December 2023

	Less than 1 year RMB’000	1 to 3 years RMB’000	Over 3 years RMB’000	Total RMB’000
Trade and bills payables	9,682	–	–	9,682
Interest-bearing bank borrowings	151,374	49,875	132,476	333,725
Financial liabilities included in other payables and accruals	22,217	–	–	22,217
Lease liabilities	<u>14,440</u>	<u>29,174</u>	<u>103,891</u>	<u>147,505</u>
Total	<u>197,713</u>	<u>79,049</u>	<u>236,367</u>	<u>513,129</u>

As at 31 December 2024

	Less than 1 year RMB’000	1 to 3 years RMB’000	Over 3 years RMB’000	Total RMB’000
Trade and bills payables	22,677	–	–	22,677
Interest-bearing bank borrowings	302,121	80,916	183,045	566,082
Financial liabilities included in other payables and accruals	79,536	–	–	79,536
Lease liabilities	<u>5,846</u>	<u>11,024</u>	<u>9,468</u>	<u>26,338</u>
Total	<u>410,180</u>	<u>91,940</u>	<u>192,513</u>	<u>694,633</u>

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ACCOUNTANTS’ REPORT

As at 31 December 2025

	Less than 1 year RMB’000	1 to 3 years RMB’000	Over 3 years RMB’000	Total RMB’000
Trade and bills payables	86,091	–	–	86,091
Interest-bearing bank borrowings	329,604	126,046	188,253	643,903
Financial liabilities included in other payables and accruals	39,981	–	–	39,981
Lease liabilities	6,289	10,464	4,415	21,168
Total	461,965	136,510	192,668	791,143

Transfers of financial assets

Transferred financial assets that are not derecognised in their entirety

At 31 December 2023, 2024, and 2025, the Group discounted certain bills receivable in the Chinese mainland (the “**Discounted Bills**”) with a carrying amount of RMB13,539,000, RMB7,800,000 and nil, respectively. In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Discounted Bills, and accordingly, it continued to recognise the full carrying amounts of the Discounted Bills and the associated bank borrowings. Subsequent to the Discounted Bills, the Group did not retain any rights on the use of the Discounted Bills, including the sale, transfer or pledge of the Discounted Bills to any other third parties. At 31 December 2023, 2024, and 2025, the carrying amount of the associated bank borrowings were RMB13,539,000, RMB7,800,000 and nil, respectively.

Transferred financial assets that are derecognised in their entirety

At 31 December 2023, 2024, and 2025, the Group discounted certain bills receivable accepted by banks in the Chinese mainland (the “**Derecognised Bills**”) with a carrying amount RMB8,753,000, RMB38,926,000 and RMB4,542,000, respectively. The Derecognised Bills had a maturity of 1 to 7 months at the end of the Relevant Periods. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills may exercise the right of recourse against any, several or all of the persons liable for the Derecognised Bills, including the Group, in disregard of the order of precedence (the “**Continuing Involvement**”). In the opinion of the directors, the risk of the Group being claimed by the holders of the Derecognised Bills is remote in the absence of a default of the accepted banks. The Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills. The maximum exposure to loss from the Group’s Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group’s Continuing Involvement in the Derecognised Bills are not significant.

During the years ended 31 December 2023, 2024, and 2025, the Group has recognised losses on the date of transfer of the Derecognised Bills amounting to RMB171,000, RMB408,000 and RMB347,000, respectively. The discount has been made evenly throughout the Relevant Periods.

Capital management

The primary objective of the Group’s capital management is to ensure that it maintains a strong credit profile and healthy capital ratios in order to support its business and maximise shareholders’ value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

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The Group monitors capital using the debt-to-asset ratio, which is total liabilities divided by total assets. The debt-to-asset ratios as at the end of each of the Relevant Periods were as follows:

The Group

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Total liabilities	464,752	686,973	799,951
Total assets	884,218	1,015,810	1,143,117
Debt-to-asset ratio	<u>53%</u>	<u>68%</u>	<u>70%</u>

39 EVENTS AFTER THE RELEVANT PERIODS

On 19 March 2026, the Company was converted into a joint stock limited liability company. Refer to note 1 and note 12 for details.

On 30 April 2026, according to the agreement entered into among the Company and the shareholders, Xinyu Weisen No. 1 Venture Capital Fund Partnership, Shenzhen Yongchangxuan Enterprise Management Partnership Enterprise (Limited Partnership) and Guangdong Shuishi Investment Co., Ltd. agreed to invest in the Company in the aggregate amount of RMB44.75 million with subscription for the newly increased registered capital of the Company in the aggregate amount of RMB756,000.

On 26 May 2026, the Company and the [REDACTED] Investors entered into Supplemental Agreements agreeing that the redemption rights granted by the Company have been irrecoverably terminated and shall be void ab initio. Refer to note 28 for details.

Except for the events disclosed in note 1, note 12, note 28 and note 39 in the accountants’ report, there was no significant event after the end of the Relevant Periods that required additional disclosure or adjustments.

40 SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 31 December 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 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 is subject to the laws and practices of the PRC and of jurisdictions in which holders of H Shares are resident or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current effective PRC laws and practices and no predictions are made about changes or adjustments to relevant laws or policies, and no comments or suggestions will be made accordingly. The discussion does not deal with all possible tax consequences relating to an investment in the H Shares, nor does it take into account the specific circumstances of any particular investor, some of which may be subject to special regulations. Accordingly, you should consult your own tax adviser regarding the tax consequences of an investment in H Shares. The discussion is based upon PRC laws and relevant interpretations in effect as at the Latest Practicable Date of this document, all of which are subject to change and may have retrospective effect. Prospective investors are urged to consult their financial advisers regarding the PRC and other tax consequences of owning and disposing of H Shares.

This discussion does not address any aspects of PRC taxation other than income tax, capital gains tax and profits tax, sales tax, value-added tax, stamp duty and estate duty. Prospective investors are urged to consult their financial advisers regarding the PRC and other tax consequences of owning and disposing of the H Shares.

THE PRC TAXATION

Taxation on dividends

Individual investors

Pursuant to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》), which was promulgated on September 10, 1980, last amended on August 31, 2018 by the SCNPC and came into effect 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 were promulgated on January 28, 1994, last amended on December 18, 2018 by the State Council and came into effect on January 1, 2019, dividends paid by PRC enterprises are subject to individual income tax levied at a flat rate of 20%. For a foreign individual who is not a resident of the PRC, the receipt of dividends from a PRC enterprise in the PRC is normally subject to individual income tax of 20% unless specifically exempted by the tax authority of the State Council or reduced by an applicable tax treaty.

Pursuant to the Arrangement between the Mainland 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》), or the Arrangement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, signed on August 21, 2006 and became effective on December 8, 2006, the PRC government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total amount of dividends payable. If a Hong Kong resident directly holds 25% or more of the equity interests in a PRC company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total amount of dividends payable by the PRC company. The Fifth Protocol to the Arrangement between the Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with

APPENDIX III

TAXATION AND FOREIGN EXCHANGE

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>第五議定書》), or the Fifth Protocol, became effective on December 6, 2019 provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

According to the Announcement of the State Taxation Administration on Issuing the Administrative Measures for Entitlement to Treaty Benefits for Non-resident Taxpayers (《非居民納稅人享受協定待遇管理辦法》) promulgated by the State Taxation Administration ([2019] No. 35) and coming into effect as of January 1, 2020, the non-resident taxpayers with tax payment obligations within the territory of the PRC may, if they need enjoy the entitlement to treaty benefits, receive such treaty benefit at the time of making tax declarations, or at the time of making withholding declarations via tax withholding agents, and in such way as “self-judgment of eligibility, declaration of entitlement, and maintenance of relevant materials for future inspection by the tax authority”.

Enterprise investors

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), which was promulgated by the NPC on March 16, 2007, latest amended by the SCNPC and implemented on December 29, 2018, and the Implementation Rules for 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》), which was promulgated on December 6, 2007, last amended on December 6, 2024 by the State Council and took effect on January 20, 2025, a non-resident enterprise is generally subject to a 10% enterprise income tax on PRC-sourced income (including dividends received from a PRC resident enterprise that issues 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 has no real connection with such establishment or premise. Such withholding tax may, where applicable, be reduced or exempted pursuant to a treaty for the avoidance of double taxation. Such withholding tax payable by non-resident enterprises is deducted at source, where the payer of dividends is required to withhold the income tax from the amount to be paid to the non-resident enterprise when such payment of dividends is made or due.

The Circular on Issues Relating to the Withholding and Remitting of Corporate Income Tax by PRC Resident Enterprises on Dividends Distributed to Overseas Non-Resident Enterprise Shareholders of H Shares (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) (Guo Shui Han [2008] No. 897), which was issued by the State Taxation Administration (the “STA”) on November 6, 2008, further clarifies that a PRC-resident enterprise shall withhold corporate income tax at a rate of 10% on the dividends of 2008 and onwards that it distributes to overseas non-resident enterprise shareholders of H Shares. In addition, the Response to Questions on Levying Corporate Income Tax on Dividends Derived by Non-resident Enterprise from Holding Stock such as B Shares (《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》) (Guo Shui Han [2009] No. 394), which was issued by the STA and implemented on July 24, 2009, further provides that any PRC-resident enterprise listed on overseas stock exchanges shall withhold and remit corporate income tax at a rate of 10% on dividends of 2008 and onwards that it distributes to non-resident enterprises. Such tax rates may be further adjusted pursuant to a tax treaty or agreement that China has entered into with the relevant jurisdictions, where applicable.

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TAXATION AND FOREIGN EXCHANGE

Pursuant to the Arrangement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, the PRC Government has the authority to impose taxes on 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.

According to the Announcement of the State Taxation Administration on Issuing the Administrative Measures for Entitlement to Treaty Benefits for Non-resident Taxpayers (《非居民納稅人享受協定待遇管理辦法》) promulgated by the State Taxation Administration ([2019] No. 35) and coming into effect as of January 1, 2020, the non-resident taxpayers with tax payment obligations within the territory of the PRC may, if they need enjoy the entitlement to treaty benefits, receive such treaty benefit at the time of making tax declarations, or at the time of making withholding declarations via tax withholding agents, and in such way as “self-judgment of eligibility, declaration of entitlement, and maintenance of relevant materials for future inspection by the tax authority”.

Tax Treaties

Non-resident investors residing in jurisdictions which have entered into treaties or adjustments for the avoidance of double taxation with the PRC might be entitled to a reduction of the PRC enterprise income tax imposed on the dividends received from PRC enterprises. The PRC currently has entered into avoidance of double taxation treaties or arrangements with a number of countries and regions including Hong Kong, Macau, 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 taxation treaties or arrangements are required to apply to the PRC tax authorities for a refund of the enterprise income tax in excess of the agreed tax rate, and the refund application is subject to approval by the PRC tax authorities.

Taxation on share transfer

Value-Added Tax (“VAT”) and Local Surcharges

Pursuant to the Notice on the Full Implementation of Pilot Programme for Transition from Business Tax to VAT (Cai Shui [2016] No. 36) (《關於全面推開營業稅改徵增值稅試點的通知(財稅[2016]36號)》) promulgated on March 23, 2016 and took effect on May 1, 2016, partially repealed on July 11, 2017, March 20, 2019, November 12, 2024, October 17, 2025 and December 29, 2025 respectively, entities and individuals engaged in sales of services within the PRC shall be subject to VAT and sales of services within the PRC refers to the situation where either the seller or the buyer of a taxable service is located within the PRC. The notice also provides that transfer of financial products, including transfer of the ownership of marketable securities, shall be subject to VAT at 6% on the taxable income (which is the balance of sales price upon deduction of purchase price), for a general or a foreign VAT taxpayer. However, individuals are exempt from VAT upon transfer of financial products. The taxable income, in this context, refers to the sales price balance after deducting the purchase price. This VAT obligation applies to both general and foreign VAT taxpayers.

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TAXATION AND FOREIGN EXCHANGE

As per the aforementioned regulations, non-resident individuals selling or disposing of H shares are exempt from VAT in the PRC. However, if the holders are non-resident enterprises, they may avoid VAT in the PRC only if the buyers of the H shares are individuals or entities located outside of the PRC. Conversely, the holders might be subject to VAT in the PRC if the buyers of the H shares are individuals or entities situated within the PRC.

Income Tax

Individual investor

According to the Individual Income Tax Law of the PRC and its implementation rules, the proceeds from the sale of equity interests in PRC-resident enterprise are subject to income tax at a tax rate of 20%.

According to the Notice Concerning Continuing Temporary Exemption from Individual Income Tax on the Income From Stocks Transfer (Cai Shui Zi [1998] No. 61) (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知(財稅字[1998]61號)》) promulgated by the STA and became effective on March 30, 1998, since January 1, 1997, the individual income tax levied on the individual income from transfer of stocks of listed companies will continue to be temporarily exempted. In the newly revised Individual Income Tax Law of the PRC, the STA did not clearly stipulate whether to continue to exempt individuals from tax on the income from transfer of stocks of listed companies.

Furthermore, the Notice of the State Administration of Taxation on Issues Concerning the Levy of Individual Income Tax on Incomes from the Transfer of Restricted Shares of Listed Companies (Cai Shui [2009] No. 167) (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(財稅[2009]167號)) jointly issued by the Ministry of Finance, the STA and the CSRC and implemented on December 31, 2009 stipulates that individuals' income from the transfer of listed shares obtained from the public offering of listed companies and transfer market on the Shanghai Stock Exchange and the Shenzhen Stock Exchange shall continue to be exempted from the individual income tax, provided that it excludes the relevant restricted shares as defined in the Supplementary Notice Concerning the Levy of Individual Income Tax on Incomes from the Transfer of Restricted Shares of Listed Companies (Cai Shui [2010] No. 70) (《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(財稅[2010]70號)》) jointly issued by these departments and implemented on November 10, 2010. As at the Latest Practicable Date, the aforementioned provisions did not specify whether to impose the individual income tax on the income from the transfer of shares of PRC-resident enterprise listed on overseas stock exchanges by non-PRC resident individuals.

Enterprise investors

In accordance with the EIT Law and its implementation rules, a non-resident enterprise that has not established an establishment or premises in the PRC or it has established an establishment and premises but the income received has no actual connection with the establishment and premises, it shall pay an enterprise income tax at a rate of 10% for the income arising within the PRC (including the income from sale of equity interests of PRC-resident enterprise). The aforesaid income tax payable for non-resident enterprises are deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise on each payment or when it is payable on due date. The withholding tax may be reduced pursuant to applicable treaties or agreements on avoidance of double taxation.

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Stamp Duty

In accordance with the Stamp Tax Law of the PRC (《中華人民共和國印花稅法》) promulgated by the Standing Committee of the NPC on June 10, 2021 and came into effect on July 1, 2022, entities and individuals that issue taxable certificates and conduct securities transactions within the territory of PRC, or entities and individuals who issue taxable certificates and conduct securities transactions outside the territory of PRC to be used within the territory of the PRC shall be subject to stamp duty.

Estate Duty

As at the Latest Practicable Date, no estate duty is levied within the PRC.

PRINCIPAL TAXATION OF OUR COMPANY IN THE PRC

Please refer to the section headed “Regulatory Overview” of this document.

PRC FOREIGN EXCHANGE

The lawful currency of the PRC is RMB, which is currently subject to foreign exchange regulation according to relevant laws and regulations. SAFE, with the authorization of the PBOC, is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange regulatory regulations.

On 29 January 1996, the State Council promulgated the Regulations of the PRC for Foreign Exchange Control (《中華人民共和國外匯管理條例》) (the “**Regulations on Foreign Exchange Administration**”) which became effective on April 1, 1996. The Regulations on Foreign Exchange Administration classify all international payments and transfers into current items and capital items. Most of the current items are no longer subject to SAFE’s approval, while capital items remain unchanged. The Regulations on Foreign Exchange Administration were subsequently amended on January 14, 1997 and August 5, 2008. The latest amendment to the Foreign Exchange Control Regulations clearly states that no restriction will be imposed on international current payments and transfers.

On June 20, 1996, the People’s Bank of China (the “**PBOC**”) promulgated the Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (Yin Fa [1996] No. 210) (《結匯、售匯及付匯管理規定(銀發[1996]210號)》), which took effect on July 1, 1996, abolished the remaining restrictions on convertibility of foreign exchange under current items, while retaining the existing restrictions on foreign exchange transactions under capital items accounts.

According to the Announcement on Improving the Reform of the RMB (the PBOC Announcement [2005] No. 16) (《關於完善人民幣匯率形成機制改革的公告(中國人民銀行公告[2005]第16號)》), issued by the PBOC on July 21, 2005 and effective on the same date, the PRC began to implement a managed floating exchange rate system in which the exchange rate would be determined based on market supply and demand and adjusted with reference to a basket of currencies. The RMB exchange rate was no longer pegged to the USD. The PBOC would publish the closing price of the exchange rate of the RMB against trading currencies such as the USD in the interbank foreign exchange market after the closing of the market on each working day, as the central parity of the currency against RMB transactions on the following working day.

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Starting from 4 January 2006, the PBOC introduced over-the-counter transactions into the interbank spot foreign exchange market for the purpose of improving the formation mechanism of the central parity of Renminbi exchange rates, and the practice of matching was kept at the same time. On July 1, 2014, the PBOC further improved the formation mechanism of the RMB exchange rate by authorizing the China Foreign Exchange Trade System to make inquiries with the market makers before the interbank foreign exchange market opens every day for their offered quotations which are used as samples to calculate the central parity of the RMB against the USD on that day using the weighted average of the remaining market makers’ offered quotations after excluding the highest and lowest quotations, and announce the central parity of the RMB against currencies such as the USD at 9:15 a.m. on each working day. On August 11, 2015, the PBOC announced to improve the central parity quotations of RMB against the USD by authorizing market makers to provide central parity quotations to the China Foreign Exchange Trading System before the interbank foreign exchange market opens every day with reference to the interbank foreign exchange market closing rate of the previous day, the supply and demand for foreign exchange as well as changes in major international currency exchange rates.

On November 19, 2012, the SAFE issued the Circular of Further Improving and Adjusting Foreign Exchange Administration Policies on Foreign Direct Investment (《關於進一步改進和調整直接投資外匯管理政策的通知》) (the “**SAFE Circular 59**”), which came into effect on December 17, 2012 and was revised on May 4, 2015 and October 10, 2018 and partially abolished on December 30, 2019. The SAFE Circular 59 aims to simplify the foreign exchange procedure and promote the facilitation of investment and trade. According to the SAFE Circular 59, the opening of various special purpose foreign exchange accounts, such as pre-establishment expenses accounts, foreign exchange capital accounts and guarantee accounts, the reinvestment of RMB proceeds derived by foreign investors in the PRC, and remittance of foreign exchange profits and dividends by a foreign-invested enterprise to its foreign shareholders no longer require the approval or verification of SAFE, multiple capital accounts for the same entity may be opened in different provinces as well.

According to the relevant laws and regulations in the PRC, PRC 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 designated banks that carry foreign exchange business, on the strength of valid 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 may, after paying taxes in according to the law, on the strength of resolutions of the board of directors on the distribution of profits, effect payment from foreign exchange accounts opened at designated banks that carry foreign exchange business, or effect exchange and payment at designated banks.

The Decisions on Matters including Canceling and Adjusting a Batch of Administrative Approval Items (Guo Fa [2014] No. 50) (《關於取消和調整一批行政審批項目等事項的決定(國發[2014]50號)》) promulgated by the State Council and came into effect on October 23, 2014 provide to cancel the approval requirement of SAFE and its branches for the remittance and settlement of the proceeds raised from the overseas listing of the foreign shares into RMB domestic accounts.

According to the Notice on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (Hui Fa [2015] No. 13) (《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(匯發[2015]13號)》) promulgated by SAFE on February 13, 2015 and

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became effective on June 1, 2015, and partially repealed on 30 December 2019, the confirmation of foreign exchange registration under domestic direct investment and the confirmation of foreign exchange registration under overseas direct investment shall be directly examined and handled by banks. SAFE and its branch offices shall indirectly regulate the foreign exchange registration of direct investment through banks.

According to the Circular of the State Administration of Foreign Exchange on Reforming the Management Mode of Foreign Exchange Capital Settlement of Foreign Investment Enterprises (《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 “SAFE Circular 19”), which was promulgated on March 30, 2015, effective on June 1, 2015, partially abolished on December 30, 2019 and amended on March 23, 2023, foreign-invested enterprises could settle their foreign exchange capital on a discretionary basis according to the actual needs of their business operations. However, foreign-invested enterprises are prohibited to use the foreign exchange capital settled in RMB (a) for any expenditures beyond the business scope of the foreign-invested enterprises or forbidden by laws and regulations; (b) for direct or indirect securities investment; (c) to provide entrusted loans (unless permitted in the business scope), repay loans between enterprises (including advances by third parties) or repay RMB bank loans that have been on-lent to a third party; and (d) to purchase real estate not for self-use purposes (save for real estate enterprises).

According to the Notice on Policies for Reforming and Regulating the Control over Foreign Exchange Settlement of Capital Accounts (Hui Fa [2016] No. 16) (《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(匯發[2016]16號)》) which was promulgated by SAFE on June 9, 2016 and last amended on December 4, 2023, foreign currency earnings in capital account that relevant policies of willingness exchange settlement have been clearly implemented on (including the recalling of raised capital by overseas listing) may undertake foreign exchange settlement in the banks according to actual business needs of the domestic institutions. The tentative percentage of foreign exchange settlement for foreign currency earnings in capital account of domestic institutions is 100%, subject to adjust of SAFE in due time in accordance with international revenue and expenditure situations.

The SAFE issued the Notice on Improving the Check of Authenticity and Compliance to Further Promote Foreign Exchange Administration Reform (關於進一步推進外匯管理改革完善真實合規性審核的通知) in January 2017, which stipulates several capital control measures with respect to outbound remittance of profits from domestic entities to offshore entities, including the following: (1) under the principle of genuine transaction, banks shall check board resolutions regarding profit distribution, original tax filing records and audited financial statements for any remittance of profits of exceeding USD50,000; and (2) domestic entities shall hold income to account for previous years’ losses according to the law before remitting the profits. Moreover, domestic entities shall make detailed explanations of sources of capital and utilization arrangements, and provide board resolutions, contracts and other proof when completing the registration and outward remittance procedures in connection with a direct outbound investment.

According to the Notice on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business (Hui Fa [2020] No. 8) (《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(匯發[2020]8號)》) issued by SAFE and became effective on April 10, 2020, eligible enterprises are allowed to make domestic payments by using their capital, foreign credits and the income under capital accounts of overseas listing, without providing materials to the bank in advance for authenticity verification on an item-by-item basis, provided that their utilized capital shall be authentic

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and in line with provisions, and conform to the prevailing administrative regulations related to the use of income under capital accounts. The concerned bank shall manage and control the relevant business risks under the principle of prudent business development and conduct spot checks afterwards in accordance with the relevant requirements. Local foreign exchange authorities shall strengthen monitoring and analysis and interim and ex-post supervision.

On October 23, 2019, the SAFE promulgated and gave effect to the Circular 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》) (except for Article 8.2, which became effective on January 1, 2020), which was partially amended on December 4, 2023. The circular canceled 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 income under the capital account, such as capital funds, foreign debts and overseas listing income for domestic payments, without prior provision of proof materials for veracity to the bank for each transaction, 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

PRC LAWS AND REGULATIONS

This Appendix sets out summaries of certain aspects of PRC laws and regulations, which are relevant to the Company’s operations and business. Laws and regulations relating to taxation in the PRC are discussed separately in “Appendix III — Taxation and Foreign Exchange” to this document. The principal objective of this summary is to provide potential investors with an overview of the principal PRC legal and regulatory provisions applicable to the Company. This summary is not intended to include all the information which may be important to potential investors. For more details on laws and regulations which are relevant to our business, please refer to the section headed “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》) promulgated on December 4, 1982, most recently amended and took effect on March 11, 2018, and is made up of written laws, administrative regulations, local regulations, autonomous regulations, separate regulations, rules and regulations of State Council departments, rules and regulations of local governments, laws of special administrative regions and international treaties of which the PRC government is a signatory, and other regulatory documents. Court judgements do not constitute legally binding precedents, although they may be used for the purposes of judicial reference and guidance.

Pursuant to the PRC Constitution and the Legislation Law of the PRC (《中華人民共和國立法法》) promulgated on March 15, 2000, most recently amended on March 13, 2023 and took effect on March 15, 2023, the NPC and its standing committee are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend basic laws governing State organs, civil, criminal 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 parts of the laws enacted by the NPC during the adjournment of the NPC, provided that 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 PRC Constitution and laws.

The people’s congresses of the 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 regulations do not contravene any provision of the PRC Constitution, laws or administrative regulations. The people’s congresses of cities with districts and their respective standing committees may formulate local regulations with respect to urban and rural construction and administration, environmental protection, historical and cultural protection and other aspects according to the specific circumstances and actual needs of such cities, which will become enforceable after being reported to and approved by the standing committees of the people’s congresses of the relevant provinces or autonomous regions, provided that such local regulations do not contravene any provision of the PRC Constitution, laws, administrative regulations and local regulations of their respective provinces or autonomous regions.

The ministries and commissions of the State Council, PBOC, the National Audit Office of the PRC and the subordinate institutions with administrative functions directly under the State Council may formulate rules and regulations within the authorization of their respective departments in accordance

APPENDIX IV SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

with the laws and administrative regulations, and the decisions and orders of the State Council. The people’s governments of the provinces, autonomous regions, municipalities directly under the central government and cities with districts may formulate rules and regulations in accordance with the laws, administrative regulations and local regulations of such provinces, autonomous regions and municipalities directly under the central government.

The PRC Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations may contravene the PRC Constitution. The PRC laws rank higher than administrative regulations, local regulations and rules. The administrative regulations rank higher than local regulations and rules. The rules enacted by the people’s governments of the provinces or autonomous regions rank higher than the rules enacted by the people’s governments of the cities with districts and autonomous prefectures within the administrative areas of such provinces and the autonomous regions.

The NPC has the power to alter or annul any inappropriate laws enacted by its standing committee, and to annul any autonomous regulations or separate regulations which have been approved by its standing committee, but which contravene the PRC Constitution or the PRC Legislation Law. The SCNPC has the power to annul any administrative regulations that contravene the PRC Constitution and laws, to annul any local regulations that contravene the PRC Constitution, laws or administrative regulations, and to annul any autonomous regulations or local regulations which have been approved by the standing committees of the people’s congresses of the relevant provinces, autonomous regions or municipalities, but which contravene the PRC Constitution and the PRC 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 or municipalities have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees. The standing committees of 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 PRC Constitution, the power to interpret laws is vested in the SCNPC. Pursuant to the Resolution of the SCNPC Providing an Improved Interpretation of the Law 《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 and took effect on June 10, 1981, issues related to the further clarification or supplement of laws should be interpreted or provided by the SCNPC, issues related to the specific application of laws and decrees in a court trial should be interpreted by the Supreme People’s Court, issues related to the specific application of laws and decrees in a prosecution process should be interpreted by the Supreme People’s Procuratorate, and the legal issues other than the above-mentioned should be interpreted by the State Council and the competent authorities. If there are differences in principle 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 State Council and its ministries and commissions are also vested with the power to give interpretations of the administrative regulations and departmental rules which they have promulgated. At the regional level, the power to interpret regional laws is vested in the regional legislative and administrative authorities which promulgate such laws.

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The PRC Judicial System

Pursuant to the PRC Constitution and the Law of Organization of the People’s Courts of the PRC (《中華人民共和國人民法院組織法》) promulgated on September 21, 1954, most recently amended on October 26, 2018 and taking effect on January 1, 2019, the people’s courts are classified into the Supreme People’s Court, the local people’s courts at various local levels, and other special people’s courts. The local people’s courts at various local levels are divided into three levels, namely, the primary people’s courts, the intermediate people’s courts and the higher people’s courts. The primary people’s courts may set up certain people’s tribunals based on the facts 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 administration of justice 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.

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》) amended by SCNPC on October 26, 2018 and taking effect 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. The judgements or rulings of the second instance at a people’s court are final. A party may appeal against the judgement or ruling of the first instance of a local people’s court. The people’s procuratorate may present a protest to the people’s court 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 judgements or rulings of the people’s court are final. Judgements or rulings of the second instance of the intermediate people’s courts, the higher people’s courts and the Supreme People’s Court are final. Judgements or rulings of the first instance of the Supreme People’s Court are also final. However, if the Supreme People’s Court or a people’s court at the next higher level discovers an error in a final and binding judgement or ruling which has taken effect in any people’s court at a lower level, or the presiding judge of a people’s court finds an error in a final and binding judgement or ruling which has taken effect in the court over which he presides, a retrial of the case may be initiated according to the judicial supervision procedures.

The Civil Procedure Law of the PRC (《中華人民共和國民事訴訟法(2023年修正)》) promulgated on April 9, 1991, most recently amended on September 1, 2023 and took effect 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 judgement or ruling. All parties to a civil action conducted within the PRC must abide by the PRC Civil Procedure Law. A civil case is generally heard by the court located in the defendant’s place of domicile. The court of jurisdiction in respect of a civil action may also be chosen by explicit agreement among the parties to a contract, provided that the people’s court having jurisdiction should be located at places directly connected with the disputes, such as the plaintiff’s or the defendant’s place of domicile, the place where the contract is executed or signed or the place where the object of the action is located. However, the choice of the court cannot be in conflict with the regulations of different jurisdictions and exclusive jurisdictions in any case.

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A foreign individual, a person without nationality, a foreign-invested enterprise or a foreign organization that institute or respond to proceedings at a people’s court is given the same litigation rights and obligations as a citizen or legal person of the PRC. If a foreign court limit the litigation rights of PRC citizens, enterprises and other organization, the PRC court shall apply the same limitations to the citizens, enterprises and other organization of such foreign country. A foreign individual, a person without nationality, a foreign-invested enterprise or a foreign organization must engage a PRC lawyer in case he/she or it needs to engage a lawyer for the purpose of initiating actions or defending against litigations at a PRC court. Under an international treaty or the principle of reciprocity signed or acceded to by the PRC, the people’s court and foreign courts may require each other to act on their behalf to serve documents, conduct investigations, collect evidence and take other actions on behalf of each other. If the request by a foreign court would result in the violation of the PRC’s sovereignty, security or public interest, the people’s court shall decline the request.

All parties must comply with legally effective civil judgments and rulings. If any party to a civil action refuses 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 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 people’s court’s examination according to the principle of reciprocity, unless among other exceptions, the court finds that the recognition or enforcement of such judgment or ruling will result in a violation of the basic legal principles of the PRC, its sovereignty or security, or for reasons of social and public interests.

The PRC Company Law, Trial Measures and Guidance for Articles of Association

A joint stock limited company incorporated in the PRC seeking a listing on The Stock Exchange of Hong Kong Limited is mainly subject to the following laws and regulations in the PRC:

- The PRC Company Law (《中華人民共和國公司法》) or the Company Law, was adopted by the Fifth Standing Committee Meeting of the Eighth NPC on December 29, 1993, and came into effect on 1 July 1994, and was last amended on December 29, 2023 and took effect on July 1, 2024;
- The Trial Measures for the Administration of Overseas Securities Offering and Listing by Domestic Enterprises (《境內企業境外發行證券和上市管理試行辦法》) (the “**Trial Measures**”) and its five relevant interpretative guidelines which were promulgated by the CSRC on February 17, 2023 and took effect on March 31, 2023 and are applicable to the direct and indirect overseas share offering or listing of domestic companies; and

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- The Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》) (the “**Guidance for Articles of Association**”) which was promulgated and took effect on March 28, 2025 by the CSRC. The Articles of Association is formulated based on the Guidance for Articles of Association on a reference basis, the summary of which is set out in the section entitled “Appendix V — Summary of the Articles of Association” to this document.

Set out below is a summary of the major provisions of the Company Law, the Trial Measures and the Guidance for Articles of Association which are applicable to the Company.

General Provisions

“A joint stock limited company” refers to a corporate legal person established in China 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.

The company shall conduct its business in accordance with laws and administrative regulations. It may invest in other limited liability companies and joint stock limited companies and its liabilities with respect to such invested companies are limited to the amount invested. Unless otherwise provided by law, the company may not be a contributor that undertakes joint liabilities for the debts of the invested companies.

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 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 the presence of promoters and subscribers holding more than 50% of the total number of shares. Powers to be exercised at the inaugural meeting include but 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 casted 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.

Registered Shares

Under the Company Law, shareholders may make capital contributions in cash, 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.

APPENDIX IV SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

The 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 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.

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’ 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, the proceeds from the issuance of the new stocks shall be included into the registered capital. Additionally, if a company intends to make public offering of shares, it is required to complete the registration with the securities regulatory authority of the State Council and announce the document.

Reduction of Share Capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the Company Law:

- (i) the company shall prepare a balance sheet and a list of properties;
- (ii) the reduction of registered capital must be approved by shareholders at the shareholders’ meeting;
- (iii) the company shall notify its creditors of the reduction in registered capital within ten days and publish an announcement of the reduction in newspapers or the National Enterprise Credit Information Publication System within thirty days of the resolution approving the reduction being passed;
- (iv) the creditors of the company may within the statutory time limit require the company to repay its debts or provide guarantees for covering the debts; and

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- (v) the company must apply to the relevant company registration authority for registration of the change and reduction in registered capital.

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.

Repurchase of Shares

Pursuant to the Company Law, a company shall not purchase its own shares other than in any of the following circumstances:

- (i) reducing its registered capital;
- (ii) merging with another company which holds its shares;
- (iii) utilizing the shares for employee stock ownership plan or stock ownership incentive scheme;
- (iv) acquiring its own shares at the request of its shareholders who vote in a shareholders' meeting against a resolution regarding a merger or separation;
- (v) utilizing the shares for conversion of corporate bonds which are convertible into shares issued by a listed company; and
- (vi) where it is necessary for a listed company to maintain its corporate value and stockholders' equity.

Any company's purchase of its own shares for any reason specified in item (i) and item (ii) of the preceding paragraph shall be subject to a resolution of the shareholders' meeting; any company's purchase of its own shares for any reason specified in item (iii), item (v) and item (vi) of the preceding paragraph may be subject to a resolution of the board meeting with two thirds or more of directors present, according to the provisions of the articles of associations or upon authorization by the shareholders' meeting.

The shares acquired under the circumstance stipulated in item (i) hereof shall be deregistered within ten days from the date of acquisition of shares; the shares shall be assigned or deregistered within six months if the repurchase of shares is made under the circumstances stipulated in either item (ii) or item (iv); and the shares held in total by a company after the repurchase under any of the circumstances stipulated in item (iii), item (v) or item (vi) shall not exceed 10% of the company's total outstanding shares, and shall be assigned or deregistered within three years.

Transfer of Shares

Shares held by shareholders may be transferred in accordance with the relevant laws. Pursuant to the Company Law, a shareholder should effect a transfer of his shares on a stock exchange established in accordance with laws or by any other means as required by the State Council. Registered shares may be transferred after the shareholders endorse the back of the share certificates or in any other manner specified by laws or administrative regulations. Following the transfer, the company shall enter the

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names and addresses of the transferees into its share register. No changes of registration in the share register described above shall be effected during a period of twenty days prior to convening a shareholders’ meeting or five days prior to the record date for the purpose of determining entitlements to dividend distributions, subject to any legal provisions on the registration of changes in the share register of listed companies.

Pursuant to the Company Law, shares of the company issued prior to the public offering of shares may not be transferred within one year of the date of the company’s listing on a stock exchange. Directors, supervisors and the senior management of a company shall declare to the company their shareholdings in the company and any changes thereof. During their terms of office, they may transfer no more than 25% of the total number of shares they hold in the company per annum. They shall not transfer the shares they hold within one year of the date of the company’s listing on a stock exchange, nor within half a year after they leave their positions in the company. The articles of association may set out other restrictive provisions in respect of the transfer of shares in the company held by its directors, supervisors and the senior management.

Shareholders

Under the Company Law and Guidelines for Articles of Association the rights of a shareholder of ordinary shares of a company include:

- (i) to receive a return on assets, participate in significant decision-making and select management personnel;
- (ii) to petition the people’s court to revoke any resolution passed on a shareholders’ meeting or a meeting of the board of directors that has not been convened in compliance with the laws and regulations or the articles of association or whose voting has violated the laws, administrative regulations or the articles of association of the company, or any resolution the contents of which is in violation of the articles of association, provided that such petition shall be submitted within sixty days of the passing of such resolution;
- (iii) to transfer the shares according to the applicable laws and regulations and the articles of association;
- (iv) to attend or appoint a proxy to attend shareholders’ meetings and exercise the voting rights;
- (v) to inspect the articles of association, share register, counterfoil of company debentures, minutes of shareholders’ meetings, board resolutions, resolutions of the board of supervisors and financial and accounting reports, and to make suggestions or inquiries in respect of the company’s operations;
- (vi) to receive dividends in respect of the number of shares held;
- (vii) to participate in distribution of residual properties of the company in proportion to their shareholdings upon the liquidation of the company; and
- (viii) any other shareholders’ rights provided for in laws, administrative regulations, other normative documents and the articles of association.

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The obligations of a shareholder of ordinary shares of a company include:

- (i) to comply with the articles of association;
- (ii) to pay subscription money according to the number of shares subscribed and the method of subscription;
- (iii) not to abuse their shareholders’ rights to damage the interests of a company or other shareholders; not to abuse the independent legal person status of a company and the limited liability of shareholders to damage the interests of the creditors of a company;
- (iv) other obligations conferred by laws, administrative regulations and the articles of association.

Shareholders’ 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 remove the directors and supervisors and to decide on the matters relating to the remuneration of directors and supervisors;
- (ii) to review and approve the reports of the board of directors;
- (iii) to review and approve the reports of the board of supervisors or supervisors;
- (iv) to review and approve the company’s profit distribution proposals and loss recovery proposals;
- (v) to decide on any increase or reduction of the company’s registered capital;
- (vi) to decide on the issue of corporate bonds;
- (vii) to decide on merger, division, dissolution and liquidation of the company or change of its corporate form;
- (viii) to amend the company’s articles of association; and
- (ix) to exercise any other authority stipulated in the articles of association.

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 by the law or less than two thirds of the number specified in the articles of association;
- (ii) the outstanding losses of the company amounted to one-third of the company’s total share capital;

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- (iii) shareholders individually or in aggregate holding 10% or more of the company's shares request that an extraordinary shareholders' meeting is convened;
- (iv) the board of directors deems necessary;
- (v) the board of supervisors so proposes; or
- (vi) any other circumstances as provided for 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 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 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.

Shareholders who individually or jointly hold more than 1% of the company's shares may put forward interim proposals and submit them to the convener in writing 10 days before the general meeting of shareholders. The convener shall issue a supplementary notice of the general meeting of shareholders within two days after receiving the proposal and announce the contents of the interim proposal.

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.

Directors

Under the Company Law, a joint stock limited company should have a board of directors, which consists of more than three members. 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 shareholders' meetings and report on its work to the shareholders' meetings;
- (ii) to implement the resolutions passed by the shareholders at the shareholders' meetings;
- (iii) to decide on the company's operational plans and investment proposals;
- (iv) to formulate the company's profit distribution proposals and loss recovery proposals;
- (v) to formulate proposals for the increase or reduction of the company's registered capital and the issue of corporate bonds;
- (vi) to formulate proposals for the merger, division or dissolution of the company or change of corporate form;
- (vii) to decide on the setup of the company's internal management organs;
- (viii) to appoint or dismiss the company's manager and decide on his/her remuneration and, based on the manager's recommendation, to appoint or dismiss any deputy manager and financial officer of the company and to decide on their remunerations;
- (ix) to formulate the company's basic management system; and
- (x) to exercise any other authority stipulated in the articles of association or any other authority authorized by shareholders' meeting.

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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 restricted capacity to undertake any civil liabilities;
- (ii) a person who has been sentenced to any criminal penalty for corruption, bribery, embezzlement, misappropriation of property or destruction of the socialist economic order, or who has been deprived of his political rights due to his crimes and such sentence has expired for no more than five years, or who is granted probation, if no more than two years have passed since the expiration of the probation period;
- (iii) a person who has been a former director, factory manager or manager of a company or an enterprise that has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where no more than three years have elapsed since the date of the completion of the bankruptcy and liquidation of the company or enterprise;
- (iv) a person who has been a legal representative of a company or an enterprise that has had its business license revoked due to violations of the law or has been ordered to close down by law and the person was personally responsible, where less than three years have elapsed since the date of such revocation or the order to close down; or
- (v) a person who is listed as a dishonest person subject to enforcement by the people's court due to failure to pay off a relatively large amount of unliquidated mature 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 summon and preside over board meetings;
- (ii) to examine the implementation of resolutions of 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 or the authorization of the board of directors. The manager attends the meetings of the board of directors as a non-voting member.

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According to the Company Law, senior management shall refer to the manager, deputy manager(s), financial controller, secretary of the board of directors of 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 loyalty 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) seizing the assets of the company or misappropriating company funds;
- (ii) depositing company funds into accounts under their own names or the names of other individuals;
- (iii) taking advantage of power to bribe or accept other illegal income;
- (iv) accepting commissions paid by a third party for transactions conducted with the company for their own benefit;
- (v) unauthorized divulgence of confidential information of the company; and
- (vi) other acts in violation of their duty of loyalty 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' meeting, subject to the approval of the board of directors or shareholders 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.

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' meeting and has been approved by a resolution of the board of directors or the shareholders' 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.

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Where any director, supervisor or senior management fails to report to the board of directors or the shareholders' meeting and obtain an approval by resolution of the board of directors or the shareholders' 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, administrative 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.

Finance and Accounting

Pursuant to the Company Law, a company shall establish its own financial and accounting systems according to the laws, administrative regulations and the regulations of the competent financial departments of the State Council. At the end of each financial year, a company shall prepare a financial report which shall be audited by an accounting firm in accordance with the laws. The financial and accounting reports shall be prepared in accordance with the laws, administrative regulations and the regulations of the financial departments of the State Council.

The company's financial reports shall be made available for shareholders' inspection at the company twenty days before the convening of an annual shareholders' meeting. A joint stock limited company that makes public stock offerings shall publish its financial reports.

When distributing each year's profits after taxation, the company shall set aside 10% of its profits after taxation for the company's statutory common reserve fund until the fund has reached 50% of the company's registered capital. When the company's statutory common reserve fund is not sufficient to make up for the company's losses for the previous years, the current year's profits shall first be used to make good the losses before any allocation is set aside for the statutory common reserve fund. After the company has made allocations to the statutory common reserve fund from its profits after taxation, it may, upon passing a resolution at a shareholders' meeting, make further allocations from its profits after taxation to the discretionary common reserve fund. After the company has made good its losses and made allocations to the abovementioned reserve fund, the remaining profits after taxation shall be distributed in proportion to the number of shares held by the shareholders, except for those which are not distributed in a proportionate manner as provided by the articles of association.

Profits distributed to shareholders in violation of the requirements described above must be returned to the company. The company shall not be entitled to any distribution of profits in respect of shares held by it.

The premium over the nominal value of the shares of the company on issue, the amount of share proceeds from the issuance of no-par shares that have not been credited to the registered capital, and other items required by the financial department of the State Council to be included in the capital reserve shall be classified as the capital reserve of the company. The common reserve fund of a company shall be applied to make good the company's losses, expand its business operations or increase its capital. Where any losses need to be covered with reserve fund of the company, discretionary reserve fund and statutory common reserve fund shall first be used and if still insufficient, capital reserve fund can be used in accordance with applicable provisions. Upon the transfer of the statutory common reserve fund into increasing capital, the balance of the statutory common fund shall not be less than 25% of the registered capital of the company before such transfer.

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The company shall have no accounting books other than the statutory books. The company’s capital shall not be deposited in any account opened under the name of an 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 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 general meeting of shareholders.

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.

Dissolution and Liquidation

Pursuant to the Company Law, a company shall be dissolved for any of the following reasons:

- (i) the term of its operation set out in the articles of association has expired or other events of dissolution specified in the articles of association have occurred;
- (ii) the shareholders have resolved at a shareholders’ meeting to dissolve the company;
- (iii) the company is dissolved by reason of its merger or division;
- (iv) the business license of the company is revoked or the company is ordered to close down or to be dissolved in accordance with the laws; or
- (v) the company is dissolved by a people’s court in response to the request of shareholders holding shares that represent 10% or more of the voting rights of all shareholders of the company, on the grounds that the operation and management of the company has suffered serious difficulties that cannot be resolved through other means, rendering ongoing existence of the company a cause for significant losses to the shareholders’ interests.

On the occurrence of the abovementioned events, the company shall make an announcement on the National Enterprise Credit Information Publicity System within ten days.

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In the event of paragraphs (i) and (ii) above, the company may carry on its existence by amending its articles of association if no property has been distributed to any shareholder. The amendments to the articles of association in accordance with the provisions described above shall require the approval of two-thirds or more of voting rights of shareholders attending a shareholders’ meeting in the case of a joint stock limited company.

Where the company is dissolved under the circumstances set forth in paragraph (i), (ii), (iv) or (v) above, the liquidation procedures shall be conducted and directors shall be the company’s liquidation obligor and it should establish a liquidation committee within fifteen days of the date on which the dissolution event occurs. The liquidation committee shall be composed of directors or any other persons provided by the articles of associations or determined by a shareholders’ meeting. If a liquidation committee is not established within the prescribed period or the liquidation fails to effect after the establishment of a liquidation committee, the interested party may file an application with a people’s court, requesting that the court appoint relevant personnel to form a liquidation committee to administer the liquidation. The people’s court should accept such application and form a liquidation committee to conduct liquidation in a timely manner.

The liquidation committee may exercise following powers during the liquidation:

- (i) to dispose of the company’s assets and to prepare a balance sheet and an inventory of assets;
- (ii) to notify the company’s creditors or publish announcements;
- (iii) to deal with and settle any outstanding business related to the liquidation;
- (iv) to pay any outstanding tax together with any tax arising during the liquidation process;
- (v) to settle the company’s claims and liabilities;
- (vi) to distribute the company’s remaining assets after its debts have been paid off; and
- (vii) to represent the company in any civil procedures.

The liquidation committee shall notify the company’s creditors within ten days from its establishment, and publish an announcement in newspapers or on the National Enterprise Credit Information Publicity System within sixty days.

A creditor shall lodge his claim with the liquidation committee within thirty days of receipt of the notification or within forty-five days of the date of the announcement if he has not received any notification.

A creditor shall, in making his claim, state matters relevant to his creditor’s rights and furnish relevant evidence. The liquidation committee shall register such creditor’s rights. The liquidation committee shall not make any settlement to creditors during the period of the claim.

Upon disposal of the company’s property and preparation of the required balance sheet and inventory of assets, the liquidation committee shall draw up a liquidation plan and submit this plan to a shareholders’ meeting or a people’s court for endorsement. The remaining assets of the company, after payment of liquidation expenses, employee wages, social insurance expenses and statutory

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compensation, outstanding taxes and the company’s debts, shall be distributed to shareholders in proportion to shares held by them. The company shall continue to exist during the liquidation period, although it cannot engage in operating activities that are not related to the liquidation. The company’s property shall not be distributed to shareholders before repayments are made in accordance with the requirements described above.

Upon liquidation of the company’s property and preparation of the required balance sheet and inventory of assets, if the liquidation committee becomes aware that the company does not have sufficient assets to repay its liabilities, it must apply to a people’s court for a declaration of bankruptcy in accordance with the laws. Following such declaration by the people’s court, the liquidation committee shall hand over the administration matters to the bankruptcy administrator designated by the people’s court.

Upon completion of the liquidation, the liquidation committee shall prepare a liquidation report and submit it to the shareholders’ meeting or a people’s court for confirmation of its completion, and to the company registration authority to cancel the company’s registration, and an announcement of its termination shall be published. Members of the liquidation committee are required to discharge their duties in good faith and in compliance with relevant laws. Members of the liquidation committee shall be prohibited from abusing their authority in accepting bribes or other unlawful income and from misappropriating the company’s properties. Members of the liquidation committee are liable to indemnify the company and its creditors in respect of any loss arising from their willful or material default.

Liquidation of a company declared bankrupt according to laws shall be processed in accordance with the laws on corporate bankruptcy.

Overseas Listing

According to the 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 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.

Loss of Share Certificates

A shareholder may, in accordance with the public notice procedures set out in the PRC Civil Procedure Law, apply to a people’s court if his share certificate(s) in registered form is either stolen, lost or destroyed, for a declaration that such certificate(s) will no longer be valid. After such a declaration has been obtained, the shareholder may apply to the company for the issue of a replacement certificate(s).

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Suspension and Termination of Listing

The Company Law has deleted provisions governing suspension and termination of listing. The PRC Securities Law (2019 revision) (《中華人民共和國證券法(2019年修訂)》) (the “**PRC Securities Law**”), which was amended on December 28, 2019 and took effect on March 1, 2020, has also deleted provisions regarding suspension of listing. Where listed securities fall under the delisting circumstances stipulated by the stock exchange, the stock exchange shall terminate its listing and trading in accordance with the business rules.

According to the 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.

The PRC 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 mainland China 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》) promulgated by the State Council and effective on April 22, 1993, 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 promulgated by the State Council and came into effect on December 25, 1995, 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 PRC Securities Law 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 PRC Securities Law provides that a domestic enterprise 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.

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Arbitration and Enforcement of Arbitral Awards

The PRC Arbitration Law (《中華人民共和國仲裁法》) (the “**Arbitration Law**”), was enacted by the SCNPC on August 31, 1994, which became effective on September 1, 1995, was last amended on September 12, 2025 and shall take effect 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. An arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with relevant regulations under the Arbitration Law and the PRC Civil Procedure 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 PRC Civil Procedure Law. A people’s court may refuse to enforce an arbitral award made by an arbitration commission if there is any procedural irregularity (including irregularity in the composition of the arbitration committee or the making of an award on matters beyond the scope of the arbitration agreement or the jurisdiction of the arbitration commission). A party seeking to enforce an arbitral award of foreign arbitration commission against a party who or whose property is not within the PRC 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 effective 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, partially taking effect on November 27, 2020, and fully effective on May 19, 2021, awards made by PRC arbitral authorities can be enforced in Hong Kong, and Hong Kong arbitration awards are also enforceable in the PRC.

APPENDIX V SUMMARY OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

This Appendix contains the principal terms of the Articles of Association of the Company (the “**Articles of Association**”), which shall become effective and be implemented on the date on which the H Shares are listed on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”). The main purpose of this Appendix is to provide an overview of the Articles of Association of the Company for prospective investors, and therefore it may not contain all the information that is important to prospective investors.

ISSUANCE OF SHARES

Shares shall be issued by the Company under the principles of transparency, fairness and equitableness, and each share of the same type shall carry the same rights. For the same type of shares issued in the same offering, the issue criteria and price for each share shall be identical; the subscribers shall pay the same price for each share subscribed. All shares issued by the Company shall be ordinary shares.

INCREASE AND DECREASE OF SHARE CAPITAL AND SHARE REPURCHASE

The Company may increase its capital by the following means, in accordance with the provisions of laws, regulations, the rules of the securities regulatory authority of the jurisdiction where the Company’s shares are [REDACTED], subject to separate resolutions of the shareholders’ meeting based on the needs of its operation and development:

- (1) Issuance of shares to unspecified investors;
- (2) Issuance of shares to specified investors;
- (3) Distribution of bonus shares to existing shareholders;
- (4) Conversion of reserves to increase share capital; and
- (5) Other means approved by laws, administrative regulations, the Rules Governing the Listing of Securities on HKEX Listing Rules and other regulatory rules of the jurisdiction where the Company’s shares are [REDACTED], and securities regulatory authorities such as the CSRC.

The shareholders’ meeting may authorize the board of directors to decide, within three years, to issue shares not exceeding fifty percent of the issued shares of the Company. Where the board of directors decides to issue shares pursuant to the preceding authorization resulting in any change to the Company’s registered capital or the number of issued shares, no further resolution of the shareholders’ meeting shall be required to amend the corresponding provisions of the Articles of Association.

The Company may reduce its registered capital. The Company shall reduce its registered capital in accordance with the procedures stipulated in the Company Law, the HKEX Listing Rules, other relevant regulations, and the Articles of Association. The Company shall reduce its shares in proportion to the shares held by shareholders when reducing its registered capital, except where the shareholders’ meeting resolves otherwise.

APPENDIX V	SUMMARY OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

The Company shall not repurchase its own shares, except in any of the following circumstances:

- (1) Reduction of registered capital;
- (2) Merger with another company which holds its shares;
- (3) Use of shares for employee stock ownership plans or equity incentive schemes;
- (4) A shareholder’s objection to a resolution on the Company’s merger or division passed by the shareholders’ meeting, requesting the Company to acquire its shares;
- (5) Use of shares for conversion of corporate bonds issued by the Company that can be converted into shares; or
- (6) Necessity for the purpose of maintaining the value of the Company and shareholders’ equity; or
- (7) Other circumstances stipulated by laws, administrative regulations, departmental rules, normative documents, the HKEX Listing Rules, and other regulatory rules of the jurisdiction where the Company’s shares are [REDACTED].

The Company may repurchase its own shares in such manner as may be permitted by laws, administrative regulations, and the CSRC, or as recognized by the securities regulatory authorities of the jurisdiction where the Company’s shares are [REDACTED]. Subject to compliance with the applicable regulatory rules of the jurisdiction where the Company’s shares are [REDACTED], where the Company repurchases its shares under circumstances (3), (5) and (6) above, such repurchase shall be conducted through open centralized [REDACTED].

Where the Company repurchases its shares under circumstances (1) and (2) above, it shall be subject to a resolution of the shareholders’ meeting; where the Company repurchases its shares under circumstances (3), (5) and (6) above, subject to compliance with the HKEX Listing Rules and other regulatory rules of the jurisdiction where the Company’s shares are [REDACTED], it may be subject to a resolution of a board meeting attended by more than two-thirds of the directors.

Subject to compliance with the HKEX Listing Rules and other regulatory rules of the jurisdiction where the Company’s shares are [REDACTED], after the Company repurchases its shares in accordance with the above provisions: in the case of circumstance (1), the shares shall be canceled within ten (10) days from the date of repurchase; in the case of circumstances (2) and (4), the shares shall be transferred or canceled within six (6) months; in the case of circumstances (3), (5) and (6), the total number of shares of the Company held by the Company shall not exceed ten percent (10%) of the total issued shares of the Company, and shall be transferred or canceled within three (3) years.

TRANSFER OF SHARES

Shares issued prior to the [REDACTED] by the Company shall not be transferred within one (1) year from the date of [REDACTED] and commencement of [REDACTED] of the Company’s shares on the Hong Kong Stock Exchange.

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The directors and senior executives of the Company shall declare to the Company their shareholding in the Company and any changes thereto. The shares transferred by them each year during their tenure as determined upon appointment shall not exceed twenty-five percent (25%) of the total number of shares of the Company held by them; the shares held by them shall not be transferred within one (1) year from the date of [REDACTED] and commencement of [REDACTED] of the Company's shares. Within six (6) months after the departure of the above-mentioned persons, they shall not transfer the shares of the Company held by them. Where the securities regulatory rules of the jurisdiction where the Company's shares are listed otherwise provide for restrictions on transfers of the Company's shares, such provisions shall also be complied with.

Where laws, administrative regulations, the CSRC, the HKEX Listing Rules, or other regulatory rules of the jurisdiction where the Company's shares are [REDACTED] otherwise provide for restrictions on the transfer of the Company's shares, such provisions shall prevail.

Where any director, senior executive, or shareholder holding more than five percent (5%) of the shares of the Company sells any shares or other securities with equity attributes of the Company held by him/her within six (6) months after purchase, or purchases any such shares or securities within six (6) months after sale, any profits arising therefrom shall belong to the Company, and the board of directors of the Company shall recover such profits. However, this shall not apply where a securities company holds more than five percent (5%) of the shares as a result of purchasing unsold shares remaining after [REDACTED], or in other circumstances as stipulated by the CSRC or the regulatory rules of the jurisdiction where the Company's shares are [REDACTED]. Where the listing rules of the jurisdiction where the Company's shares are [REDACTED] otherwise provide, such provisions shall prevail. The shares or other securities with equity attributes referred to in the preceding paragraph held by directors, senior executives, and natural person shareholders include shares or securities held by their spouses, parents, children, and shares or securities held using accounts of other persons.

Where the board of directors fails to comply with the preceding paragraph, any shareholder shall have the right to demand that the board of directors do so within thirty (30) days. Where the board of directors fails to comply within the aforesaid period, any shareholder shall have the right to bring a lawsuit directly before a people's court in his/her own name for the benefit of the Company. Where the board of directors fails to comply with the preceding paragraph, the directors who are responsible therefor shall bear joint and several liability according to law.

SHAREHOLDERS AND SHAREHOLDERS' MEETING

Shareholders

The Company shall establish a register of shareholders based on the certificates provided by the securities depository and clearing institution. The register of shareholders is sufficient evidence to prove the shares held by shareholders. The original register of H Share shareholders listed in Hong Kong shall be kept in Hong Kong and shall be available for inspection by shareholders; provided that the Company may close the register of shareholders in accordance with applicable laws, regulations, and securities regulatory rules of the jurisdiction where the Company's shares are [REDACTED]. The shareholders shall enjoy rights and assume obligations according to the class of shares they hold; shareholders holding the same class of shares shall enjoy the same rights and assume the same type of obligations.

APPENDIX V	SUMMARY OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

When the Company convenes a shareholders’ meeting, distributes dividends, conducts liquidation, or engages in other actions requiring confirmation of shareholder identity, the record date shall be determined by the board of directors or the convenor of the shareholders’ meeting. Shareholders registered in the register on the record date shall be the shareholders entitled to the relevant rights.

The shareholders of the Company shall enjoy the following rights:

- (1) To receive dividends and other forms of distribution of benefits based on the shares held by them;
- (2) To request, convene, preside over, participate in, or appoint a proxy to participate in shareholders’ meetings in accordance with law, to speak at such meetings, and to exercise corresponding voting rights (unless an individual shareholder is required by the HKEX Listing Rules or other regulatory rules of the jurisdiction where the Company’s shares are [REDACTED] to abstain from voting on specific matters);
- (3) To supervise the Company’s business operations, and to make recommendations or raise queries;
- (4) To transfer, donate, or pledge the shares held by them in accordance with laws, administrative regulations, the HKEX Listing Rules, other regulatory rules of the jurisdiction where the Company’s shares are [REDACTED], and the provisions of the Articles of Association;
- (5) To inspect and copy the Company’s Articles of Association, register of shareholders, minutes of shareholders’ meetings, resolutions of board meetings, financial and accounting reports, and register of bondholders; eligible shareholders may inspect the Company’s accounting books and accounting vouchers;
- (6) To participate in the distribution of residual property based on their shareholding upon termination or liquidation of the Company;
- (7) A shareholder who objects to a resolution on the merger or division of the Company passed by the shareholders’ meeting may request the Company to acquire his/her shares;
- (8) To inspect the Hong Kong branch register of shareholders of the Company; provided that the Company may close the registration of shareholders in accordance with the equivalent provision of section 632 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong); and
- (9) Other rights stipulated by laws, administrative regulations, departmental rules, the HKEX Listing Rules, other regulatory rules of the jurisdiction where the Company’s shares are [REDACTED], or the Articles of Association.

In addition to the above rights, a shareholder who has held three percent (3%) or more of the Company’s shares, individually or in aggregate, for a continuous period of one hundred and eighty (180) days or more, shall have the right to inspect the Company’s accounting books and accounting vouchers.

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Any shareholder requesting to inspect the relevant information or materials mentioned above shall comply with laws and administrative regulations such as the Company Law, the Securities Law, the HKEX Listing Rules, and the securities regulatory rules of the jurisdiction where the Company’s shares are [REDACTED], and shall provide the Company with written documents evidencing their shareholding and the number of shares held. The Company, after verifying the shareholder’s identity, shall provide the information as requested by the shareholder.

Any eligible shareholder requesting to inspect the Company’s accounting books and accounting vouchers shall submit a written request to the Company, stating the purpose of inspection. If the Company has reasonable grounds to believe that the shareholder’s inspection has an improper purpose that may harm the legitimate interests of the Company, it may refuse to provide access and shall, within fifteen (15) days from the date of receiving the shareholder’s written request, provide a written reply to the shareholder stating the reasons.

Shareholders inspecting accounting books and accounting vouchers may entrust accounting firms, law firms, or other intermediary institutions to do so; shareholders and the entrusted institutions inspecting or copying relevant materials shall comply with laws and administrative regulations concerning the protection of state secrets, trade secrets, personal privacy, personal information, and other matters.

Where the contents of a resolution passed by a shareholders’ meeting or the board of directors violate laws and administrative regulations, a shareholder shall have the right to apply to a people’s court to declare the resolution invalid.

Where the convening procedures or voting method of a shareholders’ meeting or a board meeting violate 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 a people’s court for revocation within sixty (60) days from the date of passing of the resolution; except where the convening procedures or voting method of a shareholders’ meeting or a board meeting have only minor defects which do not have a substantial impact on the resolution. Shareholders who were not notified of a shareholders’ meeting may, within sixty (60) days from the date they knew or should have known of the adoption of the resolution, request the people’s court to revoke it; the right of revocation shall be extinguished if not exercised within one (1) year from the date of passing of the resolution.

A resolution of the shareholders’ meeting or the board of directors shall be invalid in any of the following circumstances:

- (1) No shareholders’ meeting or board meeting was convened to pass the resolution;
- (2) The shareholders’ meeting or board meeting did not vote on the matters to be resolved;
- (3) The number of persons attending the meeting or the number of voting rights they hold did not reach the number of persons or voting rights required by the Company Law or the Articles of Association; or
- (4) The number of persons voting in favor of the resolution or the voting rights they hold did not reach the number of persons or voting rights required by the Company Law or the Articles of Association.

APPENDIX V	SUMMARY OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

Where a resolution of the shareholders' meeting or the board of directors is declared invalid, revoked or confirmed as not established by a people's court, any civil legal relationship formed between the Company and a bona fide counterparty based on such resolution shall not be affected.

Where any director or senior executive (other than a member of the audit committee) violates laws, administrative regulations or the provisions of the Articles of Association in performing his/her duties for the Company and causes losses to the Company, a shareholder who has held one percent (1%) or more of the Company's voting shares, individually or in aggregate, for a continuous period of one hundred and eighty (180) days or more, shall have the right to request in writing that the audit committee bring an action before a people's court; where the audit committee violates laws, administrative regulations or the provisions of the Articles of Association in performing its duties and causes losses to the Company, such shareholder may request in writing that the board of directors bring an action before a people's court.

Where the audit committee or the board of directors refuses to bring such action after receiving the shareholder's written request, or fails to bring an action within thirty (30) days of receiving the request, or where the circumstances are urgent and failure to bring an action immediately would cause irreparable harm to the Company's interests, the shareholder referred to above shall have the right to bring an action directly before a people's court in his/her own name for the benefit of the Company.

Where any other person infringes upon the legitimate rights and interests of the Company and causes losses to the Company, the shareholders referred to above may bring an action before a people's court in accordance with the above provisions.

Where any director, supervisor, or senior executive of the Company's wholly-owned subsidiary violates laws, administrative regulations or the provisions of the Articles of Association in performing his/her duties and causes losses to the Company, or where any other person infringes upon the legitimate rights and interests of the Company's wholly-owned subsidiary and causes losses to the Company, a shareholder who has held one percent (1%) or more of the Company's voting shares, individually or in aggregate, for a continuous period of one hundred and eighty (180) days or more, may request in writing that the supervisory board or the board of directors of the wholly-owned subsidiary bring an action before a people's court, or may bring an action directly before a people's court in his/her own name, in accordance with the above three paragraphs.

Where any director or senior executive violates laws, administrative regulations or the provisions of the Articles of Association and thereby damages the interests of shareholders, any shareholder may bring an action before a people's court.

Where the controlling shareholder or actual controller of the Company instructs a director or senior executive to engage in conduct that harms the interests of the Company or shareholders, the controlling shareholder or actual controller shall be jointly and severally liable with such director or senior executive.

APPENDIX V	SUMMARY OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

The shareholders of the Company shall assume the following obligations:

- (1) To abide by laws, administrative regulations, the HKEX Listing Rules and other regulatory rules of the jurisdiction where the Company’s shares are [REDACTED], and the Articles of Association, and to maintain the Company’s trade secrets;
- (2) To pay up the share subscription monies in accordance with the shares subscribed and the means of shareholding;
- (3) Not to withdraw share capital except in circumstances stipulated by laws and administrative regulations;
- (4) Not to abuse shareholders’ rights to harm the interests of the Company or other shareholders; not to abuse the independent corporate status of the Company and the limited liability of shareholders to harm the interests of the Company’s creditors; and
- (5) Other obligations stipulated by laws, administrative regulations, the HKEX Listing Rules and other regulatory rules of the jurisdiction where the Company’s shares are [REDACTED], and the Articles of Association.

A shareholder holding five percent (5%) or more of the voting shares of the Company who pledges any of the shares held by him/her shall, on the day such event occurs, make a written report to the Company.

The controlling shareholder, actual controller, directors, and senior executives of the Company shall not use their affiliated relationships to harm the interests of the Company. Any person who violates the foregoing and causes losses to the Company shall be liable for compensation.

The controlling shareholder and actual controller of the Company owe duties of good faith to the Company and other shareholders of the Company. The controlling shareholder shall exercise the rights of an investor strictly in accordance with the law, and shall not use means such as profit distribution, asset restructuring, external investment, occupation of funds, or loan guarantees to harm the legitimate rights and interests of the Company and other shareholders, nor shall it use its controlling position to harm the interests of the Company and shareholders.

GENERAL RULES ON SHAREHOLDERS’ MEETINGS

The shareholders’ meeting is composed of all shareholders of the Company. The shareholders’ meeting is the organ of authority of the Company and shall exercise the following functions and powers in accordance with law:

- (1) To elect and replace directors and to decide on matters relating to directors’ remuneration;
- (2) To consider and approve the report of the board of directors;
- (3) To consider and approve the profit distribution plan and the plan for making up losses of the Company;
- (4) To pass resolutions on the increase or reduction of registered capital of the Company;

APPENDIX V	SUMMARY OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

- (5) To pass resolutions on the issuance of corporate bonds;
- (6) To pass resolutions on the merger, division, dissolution, liquidation, or change of form of the Company;
- (7) To amend the Articles of Association;
- (8) To pass resolutions on the appointment or dismissal of the accounting firm engaged to carry out the Company’s audit, and matters relating to its remuneration;
- (9) To consider and approve guarantee matters that are required to be approved by the shareholders’ meeting;
- (10) To consider matters involving the purchase or sale of major assets exceeding thirty percent (30%) of the Company’s total audited assets in the most recent period within one year;
- (11) To consider and approve matters involving changes to the use of funds raised;
- (12) To consider equity incentive plans and employee stock ownership plans;
- (13) To review any transactions where the applicable percentage ratios calculated by the Company pursuant to the percentage ratios requirement under Rule 14.07 of the Hong Kong Listing Rules amount to twenty-five percent (25%) or more (including one-off transactions and a series of transactions requiring a combined percentage ratio, but excluding any transactions that may be exempted from approval of the shareholders’ general meeting under the Hong Kong Listing Rules or with the approval of Hong Kong Stock Exchange) or any connected transactions where the applicable percentage rate reaches five percent (5%) or more (including one-off transactions and a series of transactions requiring a combined percentage rate, but excluding any connected transactions that may be exempted from disclosure or announcement under the Hong Kong Listing Rules or with the approval of Hong Kong Stock Exchange); and
- (14) To consider other matters that are required by laws, administrative regulations, departmental rules, the HKEX Listing Rules, other regulatory rules of the jurisdiction where the Company’s shares are [REDACTED], or the Articles of Association, to be determined by the shareholders’ meeting.

The shareholders’ meeting may authorize the board of directors to pass resolutions on the issuance of corporate bonds. The specific implementation of matters resolved by the shareholders’ meeting, or resolved by the board of directors pursuant to authorization by the shareholders’ meeting, regarding the issuance of corporate bonds shall comply with laws, administrative regulations, and the provisions of the CSRC and the Hong Kong Stock Exchange.

Except as otherwise provided by laws, administrative regulations, the CSRC, the securities regulatory rules of the jurisdiction where the Company’s shares are [REDACTED], or the Articles of Association, the functions and powers of the shareholders’ meeting set out above shall not be delegated to the board of directors or any other body or individual through authorization.

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The following external guarantee matters of the Company shall be submitted to the shareholders’ meeting for consideration after being approved by the board of directors:

- (1) Any guarantee provided after the total amount of external guarantees of the Company and its controlling subsidiaries exceeds fifty percent (50%) of the audited net assets of the Company as at the most recent period;
- (2) Any guarantee provided after the total amount of external guarantees of the Company exceeds thirty percent (30%) of the audited total assets of the Company as at the most recent period;
- (3) Any guarantee provided by the Company to others within one year in an amount exceeding thirty percent (30%) of the audited total assets of the Company as at the most recent period;
- (4) Guarantees provided for entities whose asset-to-liability ratio exceeds seventy percent (70%);
- (5) Any single guarantee in an amount exceeding ten percent (10%) of the audited net assets of the Company as at the most recent period;
- (6) Guarantees provided by the Company for shareholders, actual controllers, and their connected or associated parties; and
- (7) Other guarantees as stipulated by laws, administrative regulations, departmental rules, normative documents, the HKEX Listing Rules, other regulatory rules of the jurisdiction where the Company’s shares are [REDACTED], or the Articles of Association.

Where the Company provides a guarantee for its wholly-owned subsidiary, or provides a guarantee for a controlling subsidiary where other shareholders of such controlling subsidiary provide guarantees in equal proportion to their respective interests, and such guarantee does not harm the interests of the Company, it may be exempt from submission to the board of directors or the shareholders’ meeting for consideration.

When the shareholders’ meeting considers a resolution on guarantees provided for shareholders, actual controllers, and their associates, the relevant shareholder, or shareholders controlled by the relevant actual controller, shall not participate in the vote, and the shares held by them shall not be counted in the total number of valid votes. Such resolution shall be passed by more than half of the voting rights held by other shareholders present at the shareholders’ meeting.

The shareholders’ meeting shall be divided into annual general meetings and extraordinary general meetings. The annual general meeting shall be held once per year and shall be convened within six (6) months after the end of the preceding financial year.

An extraordinary general meeting shall be convened by the Company within two (2) months from the occurrence of any of the following circumstances:

- (1) When the number of directors falls below the number required by the Company Law or two-thirds of the number specified in the Articles of Association;
- (2) When the Company’s unrecovered losses reach one-third of the total paid-in share capital;

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- (3) When shareholders holding ten percent (10%) or more of the voting shares of the Company individually or in aggregate so request;
- (4) When the board of directors deems it necessary;
- (5) When the audit committee proposes to convene one; or
- (6) Other circumstances stipulated by laws, administrative regulations, departmental rules, the HKEX Listing Rules, other regulatory rules of the jurisdiction where the Company’s shares are [REDACTED], or the Articles of Association.

CONVENING OF SHAREHOLDERS’ MEETINGS

Shareholders’ meetings shall be convened by the board of directors. With the approval of more than half of all independent non-executive directors, the independent non-executive directors shall have the right to propose to the board of directors to convene an extraordinary general meeting. Upon receipt of such a proposal, the board of directors shall, within ten (10) days, provide a written response as to whether it agrees or does not agree to convene an extraordinary general meeting in accordance with laws, administrative regulations, the HKEX Listing Rules, and the Articles of Association. If the board of directors agrees, it shall issue a notice of shareholders’ meeting within five (5) days of passing the relevant board resolution; if the board of directors does not agree, it shall state its reasons and make an announcement.

The audit committee shall have the right to propose to the board of directors to convene an extraordinary general meeting, and shall submit such proposal to the board of directors in writing. The board of directors shall, within ten (10) days of receiving the proposal, provide a written response as to whether it agrees to convene an extraordinary general meeting in accordance with laws, administrative regulations, the HKEX Listing Rules, and the Articles of Association. If the board of directors agrees, it shall issue a notice of shareholders’ meeting within five (5) days of passing the board resolution; any changes to the original proposal shall be subject to the consent of the audit committee. If the board of directors does not agree to convene an extraordinary general meeting, or fails to respond within ten (10) days of receiving the proposal, the board of directors shall be deemed unable to or unwilling to fulfill its duty of convening the shareholders’ meeting, and the audit committee may convene and preside over such meeting on its own initiative.

Shareholders holding ten percent (10%) or more of the voting shares of the Company individually or in aggregate shall have the right to request the board of directors to convene an extraordinary general meeting in writing. The board of directors shall, within ten (10) days of receiving the request, provide a written response in accordance with laws, administrative regulations, the HKEX Listing Rules, and the Articles of Association as to whether it agrees to convene an extraordinary general meeting. If the board of directors agrees, it shall issue a notice of shareholders’ meeting within five (5) days of passing the board resolution; any changes to the original request shall be subject to the consent of the relevant shareholders. If the board of directors does not agree to convene an extraordinary general meeting, or fails to respond within ten (10) days of receiving the request, such shareholders may submit a proposal to the audit committee in writing to convene an extraordinary general meeting. If the audit committee agrees to convene an extraordinary general meeting, it shall issue a notice of shareholders’ meeting within five (5) days of receiving the request; any changes to the original proposal shall be subject to the consent of the relevant shareholders. If the audit committee fails to issue a shareholders’ meeting notice

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within the stipulated period, it shall be deemed that the audit committee will not convene or preside over the shareholders’ meeting, and shareholders who have held ten percent (10%) or more of the voting shares of the Company individually or in aggregate for a continuous period of ninety (90) days or more may convene and preside over such meeting on their own initiative. If the audit committee or shareholders decide to convene a shareholders’ meeting on their own initiative, they shall notify the board of directors in writing and, in accordance with the HKEX Listing Rules and other applicable regulatory rules, complete any necessary reporting, announcements or filings (if required). Prior to the announcement of the resolutions of the shareholders’ meeting, the proportion of voting shares held by the convening shareholders shall not fall below ten percent (10%).

The audit committee or the convening shareholders shall, when issuing the notice of shareholders’ meeting and the announcement of shareholders’ meeting resolutions, submit relevant documentary evidence to the Hong Kong Stock Exchange in accordance with the HKEX Listing Rules and other applicable regulatory rules (if required), and complete any necessary reporting or announcements.

PROPOSALS AND NOTICES OF SHAREHOLDERS’ MEETINGS

The content of proposals shall fall within the scope of authority of the shareholders’ meeting, contain clear topics and specific matters for resolution, and comply with the relevant provisions of laws, administrative regulations, the HKEX Listing Rules, other regulatory rules of the jurisdiction where the Company’s shares are [REDACTED], and the Articles of Association.

For the convening of a shareholders’ meeting, the board of directors, the audit committee, and shareholders holding one percent (1%) or more of the voting shares of the Company individually or in aggregate shall have the right to submit proposals to the Company.

Shareholders holding one percent (1%) or more of the voting shares of the Company individually or in aggregate may submit provisional proposals in writing to the convenor no later than ten (10) days prior to the convening of the shareholders’ meeting. Provisional proposals shall have clear topics and specific matters for resolution. The convenor shall issue a supplementary notice of shareholders’ meeting within two (2) days of receiving the proposal, announce the content of the provisional proposal, and submit the provisional proposal to the shareholders’ meeting for consideration; except where the provisional proposal violates laws, administrative regulations, the HKEX Listing Rules, other regulatory rules of the jurisdiction where the Company’s shares are [REDACTED], or the provisions of the Articles of Association, or falls outside the scope of authority of the shareholders’ meeting. Except in the circumstances described in the preceding paragraph, the convenor shall not amend the proposals already set out in the notice of the shareholders’ meeting or add new proposals after the notice has been issued.

The shareholders’ meeting shall not vote on or pass resolutions regarding proposals not set out in the notice of the shareholders’ meeting or that do not comply with the provisions of the Articles of Association.

The convenor shall notify all shareholders by announcement at least twenty (20) days prior to the convening of an annual general meeting, and at least fifteen (15) days prior to the convening of an extraordinary general meeting. The date of the meeting itself shall not be counted in calculating the notice period.

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The notice of shareholders’ meeting shall include the following particulars:

- (1) The time, venue, and duration of the meeting;
- (2) Matters and proposals to be considered at the meeting;
- (3) A statement in prominent text that all shareholders are entitled to attend the shareholders’ meeting and may appoint a proxy in writing to attend the meeting and participate in the vote, and that such proxy is not required to be a shareholder of the Company;
- (4) The record date for determining shareholders entitled to attend the shareholders’ meeting;
- (5) The name and telephone number of the standing contact person for meeting affairs;
- (6) The time and procedure for voting by internet or other means; and
- (7) Other requirements stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the jurisdiction where the Company’s shares are listed, and the Articles of Association.

The notice and supplementary notice of a shareholders’ meeting shall fully and completely set out all specific particulars of all proposals. Where any matter proposed for discussion requires independent non-executive directors to express their opinions, the notice or supplementary notice of shareholders’ meeting shall simultaneously set out the opinions and reasons of the independent non-executive directors.

The interval between the record date and the meeting date shall not exceed seven (7) business days. Once the record date has been determined, it shall not be changed.

Where the shareholders’ meeting proposes to consider the election of directors, the notice of shareholders’ meeting shall fully disclose detailed information about the director candidates, including at least the following:

- (1) Personal particulars including educational background, work experience, and concurrent positions;
- (2) Whether there is a connected or associated relationship with the Company, the controlling shareholder, or the actual controller of the Company;
- (3) Disclosure of the number of shares in the Company held;
- (4) Whether he/she has been subject to sanctions imposed by the CSRC or other relevant authorities, or disciplinary action by any stock exchange; and
- (5) Whether he/she satisfies any other qualification requirements stipulated by laws, administrative regulations, the HKEX Listing Rules, and other regulatory rules of the jurisdiction where the Company’s shares are [REDACTED].

Each director candidate shall be proposed in a separate resolution.

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After the notice of a shareholders’ meeting has been issued, the meeting shall not be postponed or canceled without due cause, and the proposals set out in the notice shall not be canceled. If a postponement or cancellation occurs, the convenor shall publish an announcement at least two (2) business days before the originally scheduled date, setting out the reasons. Where the securities regulatory rules of the jurisdiction where the Company’s shares are [REDACTED] contain special provisions on procedures for postponing or canceling shareholders’ meetings, such provisions shall apply, subject to compliance with domestic regulatory requirements.

HOLDING OF SHAREHOLDERS’ MEETINGS

All shareholders or their proxies registered in the register on the record date shall be entitled to attend the shareholders’ meeting and to exercise voting rights in accordance with applicable laws, administrative regulations, the HKEX Listing Rules, other regulatory rules of the jurisdiction where the Company’s shares are [REDACTED], and the Articles of Association.

A shareholder may attend the shareholders’ meeting in person or may appoint a proxy to attend, speak and vote on his/her behalf; such proxy need not be a shareholder of the Company.

When a shareholders’ meeting is held, all directors and the Board Secretary of the Company shall attend the meeting; the Manager and other senior executives shall be present as observers.

The shareholders’ meeting shall be presided over by the Chairman of the Board. If the Chairman is unable to or fails to perform his/her duties, the meeting shall be presided over by a director jointly nominated by more than half of the directors. A shareholders’ meeting convened by the audit committee on its own initiative shall be presided over by the convenor of the audit committee; if such convenor is unable to or fails to perform his/her duties, the meeting shall be presided over by a member of the audit committee jointly nominated by more than half of the members of the audit committee. A shareholders’ meeting convened by shareholders on their own initiative shall be presided over by the convenor or its designated representative.

If the meeting chairman violates the rules of procedure and renders the shareholders’ meeting unable to proceed, a new chairman may be elected by more than half of the voting shareholders attending the meeting in person, and the meeting may continue.

The Company shall formulate rules of procedure for shareholders’ meetings setting out in detail the procedures for convening and voting at shareholders’ meetings, including notices, registration, consideration of proposals, voting, vote counting, announcement of voting results, formation of meeting resolutions, meeting minutes and their signing, as well as the principles for authorization by the shareholders’ meeting to the board of directors, with clear and specific content of such authorization. The rules of procedure shall, as an appendix to the Articles of Association, be formulated by the board of directors and approved by the shareholders’ meeting.

At the annual general meeting, the board of directors shall present to the shareholders a report on its work over the past year. Each independent non-executive director shall also present a report on his/her performance of duties.

Directors and senior executives shall provide explanations and responses at shareholders’ meetings to queries and recommendations raised by shareholders.

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The presiding chairman shall announce, before voting, the number of shareholders and proxies attending the meeting in person and the total number of voting shares held by them, as determined by the meeting registration.

Minutes shall be taken of shareholders’ meetings and shall be the responsibility of the Board Secretary.

The convenor shall ensure the contents of the meeting minutes are true, accurate, and complete. The directors, Board Secretary, convenor or its representative, and presiding chairman attending the meeting shall sign the meeting minutes. The meeting minutes shall be kept together with the attendance register of shareholders attending in person, proxies, valid materials relating to votes cast by internet or other means, for a period of ten (10) years.

The convenor shall ensure that the shareholders’ meeting is held continuously until final resolutions are passed. If the shareholders’ meeting is suspended or unable to pass resolutions due to force majeure or other special circumstances, necessary measures shall be taken to resume the meeting as soon as possible or to directly terminate the meeting, and timely announcements or reports shall be made in accordance with laws, administrative regulations, departmental rules, the HKEX Listing Rules, and other regulatory rules of the jurisdiction where the Company’s shares are [REDACTED].

VOTING AND RESOLUTION AT SHAREHOLDERS’ MEETINGS

Resolutions of shareholders’ meetings shall be divided into ordinary resolutions and special resolutions. An ordinary resolution shall be passed by more than half of the voting rights held by shareholders (including shareholder proxies) attending the shareholders’ meeting. A special resolution shall be passed by more than two-thirds of the voting rights held by shareholders (including shareholder proxies) attending the shareholders’ meeting.

The following matters shall be passed by ordinary resolution of the shareholders’ meeting:

- (1) The work report of the board of directors;
- (2) The profit distribution plan and the plan for making up losses formulated by the board of directors;
- (3) The appointment and removal of directors and matters relating to their remuneration and payment methods; and
- (4) Other matters except those required to be passed by special resolution under laws, administrative regulations, the HKEX Listing Rules, other regulatory rules of the jurisdiction where the Company’s shares are [REDACTED], or the Articles of Association.

The following matters shall be passed by special resolution of the shareholders’ meeting:

- (1) The increase or reduction of registered capital of the Company;
- (2) The division, spin-off, merger, dissolution and liquidation of the Company;
- (3) Amendment of the Articles of Association;

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- (4) The purchase or sale of major assets or guarantee amounts exceeding thirty percent (30%) of the Company’s total audited assets as at the most recent period within one year;
- (5) Equity incentive plans; and
- (6) Other matters required by laws, administrative regulations, the HKEX Listing Rules, other regulatory rules of the jurisdiction where the Company’s shares are [REDACTED], or the Articles of Association, or identified by ordinary resolution of the shareholders’ meeting as having a significant impact on the Company, to be passed by special resolution.

Shareholders (including shareholder proxies) shall exercise their voting rights in proportion to the number of voting shares they represent; each share carries one vote.

Shares in the Company held by the Company itself carry no voting rights and shall not be counted in the total number of voting shares represented at the shareholders’ meeting.

Where a shareholder purchases voting shares in the Company in violation of Article 63(1) or (2) of the Securities Law, the shares held in excess of the prescribed proportion shall carry no voting rights within thirty-six (36) months after the purchase and shall not be counted in the total number of voting shares represented at the shareholders’ meeting.

The board of directors, independent non-executive directors, shareholders holding one percent (1%) or more of the voting shares, or investor protection institutions established in accordance with laws, administrative regulations, or requirements of the CSRC, may publicly solicit voting rights from shareholders. The solicitation of voting rights shall fully explain specific voting intentions and other information to the solicited shareholders. It is prohibited to solicit voting rights for compensation or in a disguised form of compensation. Except as required by law, the Company shall not impose minimum shareholding requirements on solicitation of voting rights.

When the shareholders’ meeting considers matters relating to connected or associated transactions, connected or associated shareholders shall not participate in the vote, and the number of voting shares they hold shall not be counted in the total number of valid votes, and they shall not act as proxy for other shareholders to exercise voting rights. The announcement of shareholders’ meeting resolutions shall fully disclose the voting situation of non-connected or non-associated shareholders.

The list of director candidates shall be put to the shareholders’ meeting for a vote in the form of proposals.

When the shareholders’ meeting votes on the election of directors, cumulative voting may be adopted in accordance with the provisions of the Articles of Association or a resolution of the shareholders’ meeting. Where the shareholders’ meeting elects two or more independent non-executive directors, cumulative voting shall be adopted. Where the shareholders’ meeting elects directors by cumulative voting, the votes on independent non-executive directors and other directors shall be taken separately, and the elected directors shall be determined in descending order of votes received, up to the number of directors to be elected. Where cumulative voting is not adopted for the election of directors, each director candidate shall be proposed in a separate resolution. “Cumulative voting” as referred to

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above means a method whereby, in the election of directors by the shareholders’ meeting, the voting rights held by a shareholder may be accumulated and cast for a single candidate or distributed amongst candidates.

Apart from cumulative voting, the shareholders’ meeting shall vote on all proposals item by item; where there are different proposals on the same matter, voting shall be conducted in the order in which the proposals were made. Except where the shareholders’ meeting is suspended or unable to pass resolutions due to force majeure or other special circumstances, the shareholders’ meeting shall not shelve or decline to vote on any proposal.

The shareholders’ meeting shall not amend proposals; any changes shall be treated as a new proposal that cannot be voted upon at the current shareholders’ meeting.

DIRECTORS AND BOARD OF DIRECTORS

General Provisions on Directors

Directors of the Company shall be natural persons. None of the following persons shall be eligible to serve as a director of the Company:

- (1) Persons with no capacity or limited capacity for civil conduct;
- (2) Persons who have been sentenced to a criminal penalty for corruption, bribery, misappropriation of property, embezzlement of property, or disrupting market economic order, or who have been deprived of political rights for criminal offenses, where less than five (5) years have elapsed since completion of the sentence, or persons who have been given a suspended sentence, where less than two (2) years have elapsed since the expiry of the probationary period;
- (3) Persons who served as a director or manager of a company or enterprise that went through bankruptcy and liquidation and who bear personal responsibility therefor, where less than three (3) years have elapsed since the completion of bankruptcy liquidation;
- (4) Persons who served as the legal representative of a company or enterprise whose business license was revoked or which was ordered to close due to violation of law and who bear personal responsibility therefor, where less than three (3) years have elapsed since the revocation of the business license or the order to close;
- (5) Persons who have been listed by a people’s court as dishonest obligors due to failure to repay overdue debts of a relatively large amount;
- (6) Persons who are subject to a securities market access prohibition imposed by the CSRC or the Hong Kong Stock Exchange, where the prohibition period has not expired;
- (7) Persons who have been determined by the securities regulatory rules of the jurisdiction where the Company’s shares are [REDACTED] to be unsuitable to serve as a director, senior executive, or similar officer of a listed company, where the relevant period has not expired; and

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- (8) Other matters stipulated by laws, administrative regulations, departmental rules, or the securities regulatory rules of the jurisdiction where the Company’s shares are [REDACTED].

The election, appointment, or engagement of any director in violation of the foregoing provisions shall be invalid. Where any director develops any of the foregoing circumstances during his/her term of office, the Company shall relieve him/her of his/her duties and cause him/her to cease to perform his/her functions.

Directors shall be elected or replaced by the shareholders’ meeting and may be removed by the shareholders’ meeting before the expiry of their term. The term of office of a director is three (3) years; directors may be re-elected upon the expiry of their term.

The term of office of a director commences on the date of assumption of office and expires at the expiry of the term of the current board of directors. If the election of a new director is not conducted in time upon expiry of a director’s term, the incumbent director shall continue to perform his/her duties in accordance with laws, administrative regulations, departmental rules, the HKEX Listing Rules, and the Articles of Association until a newly elected director takes office.

Any person appointed by the board of directors to fill a casual vacancy or as an additional director shall hold office only until the first annual general meeting of the Company following his/her appointment, and shall be eligible for re-election at such meeting.

Directors may concurrently hold senior executive positions; however, directors who concurrently hold senior executive positions and directors who are representatives of employees shall not in aggregate exceed half of the total number of directors of the Company.

Directors shall abide by laws, administrative regulations, and the provisions of the Articles of Association, shall owe duties of loyalty to the Company, shall take measures to avoid conflicts between their personal interests and those of the Company, and shall not use their positions to seek improper benefits.

Directors owe the following duties of loyalty to the Company:

- (1) Not to misappropriate the Company’s property or embezzle the Company’s funds;
- (2) Not to deposit the Company’s funds in any account opened in his/her own name or any other individual’s name;
- (3) Not to use his/her position to offer or accept bribes or other unlawful income;
- (4) Not to enter into contracts with the Company or carry out transactions with the Company, directly or indirectly, without reporting to the board of directors or the shareholders’ meeting and without the approval of the board of directors or the shareholders’ meeting by resolution in accordance with the Articles of Association;

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- (5) Not to exploit his/her position to seek for himself/herself or others a business opportunity that belongs to the Company, unless reported to the board of directors or the shareholders’ meeting and approved by a resolution of the shareholders’ meeting, or unless the Company is unable to exploit such business opportunity pursuant to laws, administrative regulations, or the Articles of Association;
- (6) Not to operate on his/her own account or for others a business of the same type as the Company’s, without reporting to the board of directors or the shareholders’ meeting and without approval by a resolution of the shareholders’ meeting;
- (7) Not to accept commissions from persons transacting with the Company for his/her own benefit;
- (8) Not to disclose the Company’s confidential information without authorization;
- (9) Not to use connected or associated relationships to harm the interests of the Company; and
- (10) Other duties of loyalty stipulated by laws, administrative regulations, departmental rules, the HKEX Listing Rules, other regulatory rules of the jurisdiction where the Company’s shares are [REDACTED], and the Articles of Association.

Any income obtained by a director in violation of the foregoing provisions shall be surrendered to the Company; if losses are caused to the Company, the director shall be liable for compensation.

Directors shall abide by laws, administrative regulations, and the provisions of the Articles of Association, shall owe duties of diligence to the Company, and shall exercise reasonable care that an ordinary manager would exercise in performing their duties in the best interests of the Company.

Directors owe the following duties of diligence to the Company:

- (1) To prudently, conscientiously, and diligently exercise the powers vested in them by the Company, so as to ensure that the Company’s business conduct complies with the requirements of national laws, administrative regulations, and various national economic policies, and that business activities do not exceed the scope of business stipulated in the business license;
- (2) To treat all shareholders fairly;
- (3) To keep themselves informed of the Company’s business operations and management in a timely manner;
- (4) To sign written confirmations on the Company’s periodic reports, and to ensure that the information disclosed by the Company is true, accurate, and complete;
- (5) To truthfully provide relevant information and materials to the audit committee and not to obstruct the audit committee from exercising its powers; and

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- (6) Other duties of diligence stipulated by laws, administrative regulations, departmental rules, the HKEX Listing Rules, other regulatory rules of the jurisdiction where the Company’s shares are [REDACTED], and the Articles of Association.

Where a director fails to attend two consecutive board meetings in person without appointing another director to attend on his/her behalf, he/she shall be deemed unable to perform his/her duties, and the board of directors shall recommend to the shareholders’ meeting that he/she be removed. Subject to the securities regulatory rules of the jurisdiction where the Company’s shares are [REDACTED], attendance at a board meeting by a director via videoconference, telephone, facsimile, or email or any other equivalent means shall also be deemed as personal attendance.

A director may resign before the expiry of his/her term of office by submitting a written resignation report to the board of directors.

Except in the circumstances listed below, the resignation shall take effect on the date the Company receives the resignation report, and the board of directors shall disclose the relevant matters within two (2) days:

- (1) Where the resignation of a director would cause the number of directors to fall below the statutory minimum (including where the number of independent non-executive directors falls below three); or
- (2) Where the resignation of an independent non-executive director would cause the number of independent non-executive directors to fall below one-third of the total members of the board of directors, or to leave no independent non-executive director with appropriate professional qualifications or appropriate accounting or relevant financial management expertise.

In the above circumstances, the incumbent director shall continue to perform his/her duties in accordance with laws, administrative regulations, departmental rules, the HKEX Listing Rules, and the Articles of Association until a newly elected director takes office. Where the second circumstance arises, the Company shall immediately notify the Hong Kong Stock Exchange and publish an announcement disclosing the relevant particulars and reasons. The original nominator of the independent non-executive director or the Company’s board of directors shall nominate a new candidate for independent non-executive director within the period specified by laws, administrative regulations, departmental rules, the HKEX Listing Rules, and other regulatory rules of the jurisdiction where the Company’s shares are [REDACTED].

The Company shall establish a management system for departing directors, setting out safeguards for accountability and recovery in respect of outstanding matters. Upon the effective date of a director’s resignation or the expiry of his/her term, the director shall complete all handover procedures with the board of directors. His/her duties of loyalty to the Company and shareholders shall not automatically cease upon the expiry of the term. A departing director’s obligation of confidentiality in respect of the Company’s trade secrets shall remain effective after departure until such information becomes public; the duration of other duties of loyalty shall be determined based on principles of fairness in light of the specific circumstances; where the director and the Company have reached an agreement on the performance of duties of loyalty, such agreement shall be followed.

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No director shall act in his/her personal name on behalf of the Company or the board of directors unless authorized to do so by the Articles of Association or by a lawful resolution of the board of directors. Where a director acts in his/her personal name in circumstances where a third party would reasonably believe that the director is acting on behalf of the Company or the board of directors, the director shall declare his/her position and identity in advance.

Where a director causes losses to others in performing the Company’s affairs, the Company shall bear compensation liability; where the director acts with wilful misconduct or gross negligence, the director shall also bear compensation liability. Where a director violates laws, administrative regulations, departmental rules, the HKEX Listing Rules, other regulatory rules of the jurisdiction where the Company’s shares are [REDACTED], or the Articles of Association in performing his/her duties and causes losses to the Company, the director shall be liable for compensation.

Board of Directors

The Company shall have a board of directors which is responsible to the shareholders’ meeting.

The board of directors shall consist of nine (9) directors, of whom three (3) shall be independent non-executive directors. The board of directors shall have one (1) Chairman.

The board of directors shall exercise the following functions and powers:

- (1) To convene shareholders’ meetings and to report its work to the shareholders’ meeting;
- (2) To implement resolutions of the shareholders’ meeting;
- (3) To decide on the Company’s operational plans and investment proposals;
- (4) To formulate the Company’s profit distribution plans and plans for making up losses;
- (5) To formulate plans for the increase or reduction of the Company’s registered capital, the issuance of bonds or other securities, and [REDACTED];
- (6) To draw up plans for major acquisitions, repurchase of the Company’s shares, merger, division, dissolution, or change of form of the Company;
- (7) Within the scope of authority delegated by the shareholders’ meeting, to decide on matters relating to the Company’s external investments, acquisition and disposal of assets, asset pledges, external guarantees, entrusted wealth management, connected or associated transactions, and external donations:

to consider and approve (1) all transactions (including one-off transactions and a series of transactions requiring a combined percentage ratio) where the percentage ratios calculated pursuant to the percentage ratio requirement under Rule 14.07 of the Hong Kong Listing Rules are less than five percent (5%) and the consideration includes the shares to be issued for [REDACTED], (2) any disclosable transactions (including one-off transactions and a series of transactions requiring a combined percentage ratio) where the applicable percentage ratios are five percent (5%) or more but all are less than twenty five percent (25%), or (3) any partially exempt connected transactions and non-exempt connected transactions

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(including one-off transactions and a series of transactions requiring a series of transactions requiring a combined percentage ratio, but excluding any connected transactions exempt from disclosure or announcement under the Hong Kong Listing Rules or approved by the Hong Kong Stock Exchange) where any one of the percentage ratios (other than the profit ratio) calculated pursuant to the percentage ratio requirement under Rule 14.07 of the Hong Kong Listing Rules amounts to 0.1 percent (0.1%) or more but less than five percent (5%);

- (8) To decide on the establishment of the Company’s internal management bodies;
- (9) To decide on the appointment or dismissal of the Company’s Manager, Board Secretary, and other senior executives and matters relating to their remuneration and rewards and penalties; and, based on the nomination by the Manager, to decide on the appointment or dismissal of the Company’s deputy manager(s), person in charge of finance, and other senior executives and matters relating to their remuneration and rewards and penalties;
- (10) To formulate the Company’s basic management policies;
- (11) To formulate proposals for amendments to the Articles of Association;
- (12) To manage the Company’s information disclosure matters;
- (13) To propose to the shareholders’ meeting the appointment or replacement of the accounting firm engaged for the Company’s audit;
- (14) To hear work reports from the Company’s Manager and to supervise the Manager’s work; and
- (15) Other functions and powers stipulated by laws, administrative regulations, departmental rules, the HKEX Listing Rules, other regulatory rules of the jurisdiction where the Company’s shares are [REDACTED], the Articles of Association, or granted by the shareholders’ meeting.

Matters exceeding the scope of authorization by the shareholders’ meeting shall be submitted to the shareholders’ meeting for consideration.

The Company may apply to banks and other financial institutions for financing, including but not limited to credit facilities, loans, acceptance bills, bank guarantees, and letters of credit; such matters shall be considered by the board of directors. Where the board of directors has considered and approved the annual financing quota, the Company may within that year arrange specific financing matters within such quota according to its production and operational needs without separately submitting individual financing matters to the board of directors for consideration; financing matters exceeding the annual quota shall separately undergo internal decision-making procedures in accordance with the Articles of Association. Where the Company borrows from non-financial institutions or other lawful entities, the same internal decision-making procedures shall apply by analogy.

The Company’s board of directors shall establish an audit committee to exercise the functions and powers of a supervisory board as stipulated by the Company Law. In addition to the audit committee, the board of directors may establish other special committees such as a nomination committee, a

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remuneration and appraisal committee, and a strategy committee (as appropriate). Members of each special committee of the board of directors shall be determined by the board of directors by way of election.

Special committees shall perform their duties in accordance with the Articles of Association and the authorization of the board of directors, and proposals shall be submitted to the board of directors for consideration and decision. All members of each special committee shall be directors; the specific composition requirements and qualification requirements shall be governed by the Company Law and other laws, administrative regulations, departmental rules, the HKEX Listing Rules, and other regulatory rules of the jurisdiction where the Company’s shares are [REDACTED]. The board of directors shall be responsible for formulating the working procedures of each special committee to regulate its operations.

The Company’s board of directors shall provide an explanation to the shareholders’ meeting where a certified public accountant issues a non-standard audit opinion on the Company’s financial report.

The board of directors shall formulate rules of procedure for board meetings to ensure that the board of directors effectively implements resolutions of the shareholders’ meeting, improves work efficiency, and ensures scientifically sound decision-making. The rules of procedure for board meetings shall be an appendix to the Articles of Association, formulated by the board of directors and approved by the shareholders’ meeting.

The board of directors shall determine the authorization limits for external investments, acquisition and disposal of assets, asset pledges, external guarantees, entrusted wealth management, connected or associated transactions, and external donations, and shall establish rigorous review and decision-making procedures; major investment projects shall be subject to expert review, and shall be reported to the shareholders’ meeting for approval. Transactions or matters of the Company that are required by laws, administrative regulations, departmental rules, the HKEX Listing Rules, and other regulatory rules of the jurisdiction where the Company’s shares are [REDACTED] to be submitted to the board of directors for consideration shall be handled in accordance with the relevant requirements.

The Chairman of the Board shall be elected by a majority of all directors.

The Chairman of the Board shall exercise the following functions and powers:

- (1) To preside over shareholders’ meetings and to convene and preside over board meetings;
- (2) To supervise and inspect the implementation of board resolutions;
- (3) To sign important documents of the board of directors or other documents that should be signed by the legal representative of the Company;
- (4) To exercise the powers of the legal representative; and
- (5) Other functions and powers stipulated by laws, administrative regulations, departmental rules, the HKEX Listing Rules, other regulatory rules of the jurisdiction where the Company’s shares are [REDACTED], and the Articles of Association, or granted by the board of directors.

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Where the Chairman of the Board is unable to or fails to perform his/her duties, such duties shall be performed by a director jointly nominated by more than half of the directors.

The board of directors shall hold at least four (4) regular meetings per year, convened by the Chairman of the Board, with notice to be given to all directors at least fourteen (14) days in advance by written notice, letter, facsimile, email, or personal delivery.

Shareholders representing more than one-tenth of the voting rights, more than one-third of the directors, the audit committee, the Chairman of the Board, or more than half of the independent non-executive directors may propose the convening of an extraordinary board meeting. The Chairman of the Board shall convene and preside over the board meeting within ten (10) days of receiving the proposal.

For extraordinary board meetings, the board office shall issue a meeting notice at least two (2) days (excluding the day of the meeting) before the meeting by written notice, letter, telephone, facsimile, or email. Where the notice is not delivered in person, it shall be confirmed by telephone with a record made accordingly. In urgent circumstances requiring the prompt convening of an extraordinary board meeting, the above notice period shall not apply, and a notice may be issued at any time by telephone or other verbal means, provided that the convenor shall make an explanation at the meeting.

A board meeting shall be held only if attended by more than half of the directors (including proxies). A resolution of the board of directors shall require approval by more than half of all directors. Where relevant laws, administrative regulations, departmental rules, the HKEX Listing Rules, and other regulatory rules of the jurisdiction where the Company’s shares are [REDACTED] otherwise provide regarding board resolutions on specific matters, such provisions shall apply.

Voting on board resolutions shall be conducted on a one-person one-vote basis. Where the votes against and in favor of a proposal are equal, the board of directors may reconsider and vote on the matter; if the votes are equal on three (3) consecutive occasions, the matter shall be submitted to the shareholders’ meeting for consideration.

Where a director has a connected or associated relationship with an enterprise involved in a matter to be resolved at a board meeting, he/she shall not exercise voting rights on such resolution, nor may he/she act as proxy for other directors to exercise voting rights. Such board meeting may be held if attended by more than half of the non-connected or non-associated directors; a resolution of such board meeting shall require approval by more than half, or more than two-thirds (as applicable), of the non-connected or non-associated directors. Where fewer than three (3) non-connected or non-associated directors are present at the board meeting, the matter shall be submitted to the shareholders’ meeting for consideration.

Board resolutions shall be voted on by way of written named ballot.

Board meetings shall in principle be held in person. Where necessary, and subject to compliance with the securities regulatory rules of the jurisdiction where the Company’s shares are [REDACTED], with the consent of the convenor, a meeting may be held by videoconference, telephone, facsimile, email, or other means. Where a board meeting is not held in person, the number of attending directors shall be calculated by reference to directors appearing via video, directors appearing in the teleconference system, valid vote ballots received by facsimile or email within the specified period, or valid documentary evidence of participation subsequently submitted by directors. In the case of

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communication-based voting, a director shall send his/her written opinion and voting intention on the matters under consideration by facsimile, email, or other means to the board of directors after signing and confirmation; the board of directors shall tabulate the votes accordingly and form a board resolution.

Board meetings shall be attended by the directors themselves; where a director is unable to attend for any reason, he/she may appoint another director in writing to attend on his/her behalf. The letter of authorization shall set out the name of the proxy, matters to be represented, scope of authorization, and validity period, and shall be signed or sealed by the appointing director. The director attending on behalf of another shall exercise the rights of a director within the scope of the authorization. A director who fails to attend a board meeting and has not appointed a representative to attend shall be deemed to have waived his/her voting right at such meeting. One director shall not accept the proxy of more than two (2) other directors at a single board meeting. When considering connected or associated transaction matters, non-connected or non-associated directors shall not appoint connected or associated directors to attend the meeting on their behalf.

The board of directors shall make a written record of decisions on matters considered at the meeting, and all directors attending the meeting shall sign the minutes.

Minutes of board meetings shall be preserved as Company archives for a period of ten (10) years.

Independent Non-Executive Directors

Independent non-executive directors shall maintain their independence. The following persons shall not serve as independent non-executive directors:

- (1) Persons employed in the Company or its subsidiaries, and their spouses, parents, or children, and persons with major social connections;
- (2) Natural person shareholders who directly or indirectly hold one percent (1%) or more of the Company's issued shares or who are among the top ten shareholders of the Company, and their spouses, parents, or children;
- (3) Persons employed at shareholders who directly or indirectly hold five percent (5%) or more of the Company's issued shares or at the top five shareholders of the Company, and their spouses, parents, or children;
- (4) Persons employed at subsidiaries of the Company's controlling shareholders or actual controllers, and their spouses, parents, or children;
- (5) Persons who have significant business dealings with the Company, its controlling shareholders, actual controllers, or their respective subsidiaries, or persons employed at entities with significant business dealings with the Company or its controlling shareholders, actual controllers;

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- (6) Persons who provide financial, legal, consulting, sponsoring, or other services to the Company, its controlling shareholders, actual controllers, or their respective subsidiaries, including but not limited to all members of the project team, reviewers at various levels, signatories of reports, partners, directors, senior executives, and principal persons-in-charge of the relevant intermediary institutions;
- (7) Persons who have been in any of the situations described in items (1) through (6) above within the preceding twelve (12) months; and
- (8) Other persons who do not satisfy independence requirements as stipulated by laws, administrative regulations, the securities regulatory rules of the jurisdiction where the Company’s shares are [REDACTED], and the Articles of Association.

Independent non-executive directors shall carry out an annual self-assessment of their independence and report the results to the board of directors. The board of directors shall annually assess the independence of incumbent independent non-executive directors and issue a specific opinion thereon, to be disclosed together with the annual report.

Persons serving as independent non-executive directors of the Company shall satisfy the following conditions:

- (1) Having the qualifications required to serve as a director of a listed company pursuant to laws, administrative regulations, and other relevant provisions;
- (2) Satisfying the independence requirements stipulated by the Articles of Association;
- (3) Possessing basic knowledge of listed company operations and being familiar with relevant laws, regulations, and rules;
- (4) Having at least five (5) years’ work experience in law, accounting, or economics or other relevant fields necessary to perform the duties of an independent non-executive director;
- (5) Having good personal integrity with no records of major dishonesty or other adverse conduct; and
- (6) Other conditions stipulated by laws, administrative regulations, the CSRC, the Hong Kong Stock Exchange, and the Articles of Association.

As members of the board of directors, independent non-executive directors owe duties of loyalty and diligence to the Company and all shareholders, and shall prudently perform the following duties:

- (1) To participate in decision-making of the board of directors and to express clear opinions on matters under consideration;
- (2) To supervise potential material conflicts of interest between the Company and its controlling shareholders, actual controllers, directors, and senior executives, so as to protect the legitimate rights and interests of minority shareholders;

APPENDIX V	SUMMARY OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

- (3) To provide professional and objective recommendations on the Company’s business development and to promote improvements in the standard of decision-making by the board of directors; and
- (4) Other duties stipulated by laws, administrative regulations, the CSRC, the Hong Kong Stock Exchange, and the Articles of Association.

Independent non-executive directors shall exercise the following special powers:

- (1) To independently engage intermediary institutions to conduct audits, consultations, or verifications of specific matters of the Company;
- (2) To propose to the board of directors to convene an extraordinary general meeting;
- (3) To propose the convening of board meetings;
- (4) To publicly solicit voting rights from shareholders in accordance with law;
- (5) To express independent opinions on matters that may harm the interests of the Company or minority shareholders; and
- (6) Other powers stipulated by laws, administrative regulations, the CSRC, the Hong Kong Stock Exchange, and the Articles of Association.

The exercise of the powers described in items (1) through (3) of the preceding paragraph shall require the consent of more than half of all independent non-executive directors.

Where independent non-executive directors exercise the powers described in the first paragraph above, the Company shall make timely disclosure. Where such powers cannot be duly exercised, the Company shall disclose the specific circumstances and reasons.

The following matters shall be submitted to the board of directors for consideration after the approval of more than half of all independent non-executive directors:

- (1) Connected transactions that are subject to disclosure requirements;
- (2) Plans by the Company or related parties to change or waive commitments;
- (3) Decisions made by the board of directors of an acquired listed company and measures taken in connection with such acquisition; and
- (4) Other matters stipulated by laws, administrative regulations, the CSRC, the Hong Kong Stock Exchange, and the Articles of Association.

The Company shall establish a mechanism for special meetings of all independent non-executive directors. Where the board of directors considers connected transactions and similar matters, prior endorsement by the special meeting of independent non-executive directors shall be required.

APPENDIX V	SUMMARY OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

The Company shall convene special meetings of independent non-executive directors on a regular or ad hoc basis. The following matters shall be submitted to the special meeting of independent non-executive directors for consideration: matters in items (1) through (3) of the special powers of independent non-executive directors stipulated in the Articles of Association, and matters that are required to be submitted to the board of directors for consideration after the approval of more than half of all independent non-executive directors as stipulated in the Articles of Association.

Special meetings of independent non-executive directors may consider and discuss other matters of the Company as necessary.

Special meetings of independent non-executive directors shall be convened and presided over by an independent non-executive director jointly nominated by more than half of the independent non-executive directors. Where the convenor is unable to or fails to perform his/her duties, two (2) or more independent non-executive directors may convene the meeting on their own initiative and nominate a representative to preside.

Special meetings of independent non-executive directors shall be minuted in accordance with applicable requirements, with the opinions of independent non-executive directors recorded in the minutes. Independent non-executive directors shall sign and confirm the meeting minutes.

The Company shall provide facilities and support for the convening of special meetings of independent non-executive directors.

Senior Executives

The Company shall have a Manager, deputy manager(s), person in charge of finance, and Board Secretary, who shall be appointed or dismissed by the board of directors.

The senior executives of the Company shall comprise the Manager, deputy manager(s) (if any), person in charge of finance, and other persons identified as senior executives by the board of directors.

The provisions of the Articles of Association on persons ineligible to serve as directors shall also apply to senior executives.

The provisions of the Articles of Association on the duties of loyalty and diligence of directors shall also apply to senior executives.

Persons who hold administrative positions other than director or supervisor in the Company's controlling shareholders shall not be appointed as senior executives of the Company. Senior executives shall receive their salary solely from the Company; their salary shall not be paid by the controlling shareholder on behalf of the Company.

The Manager shall serve a term of three (3) years and may be reappointed for consecutive terms.

The Manager shall be responsible to the board of directors and may exercise the following functions and powers:

- (1) To preside over the production and operation management of the Company, to organize the implementation of board resolutions, and to report on work to the board of directors;

APPENDIX V	SUMMARY OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

- (2) To implement the Company’s annual operational plan and investment plan;
- (3) To draw up the setup plan for the Company’s internal management bodies;
- (4) To draw up the Company’s basic management policies;
- (5) To formulate the Company’s specific rules and regulations;
- (6) To propose to the board of directors the appointment or dismissal of the Company’s deputy manager(s), person in charge of finance, Board Secretary, and other senior executives;
- (7) To decide on the appointment or dismissal of management personnel other than those whose appointment or dismissal shall be decided by the board of directors;
- (8) To consider and approve general connected or associated transactions other than those that are required to be submitted to the board of directors or the shareholders’ meeting for approval pursuant to the Articles of Association;
- (9) To consider and approve other major transactions, external investments, external guarantees, and similar matters other than those that are required to be submitted to the board of directors or the shareholders’ meeting for approval pursuant to laws, regulations, the HKEX Listing Rules, other regulatory rules of the jurisdiction where the Company’s shares are [REDACTED], or the Articles of Association;
- (10) Other functions and powers stipulated by the Articles of Association, the securities regulatory rules of the jurisdiction where the Company’s shares are [REDACTED], or granted by the board of directors.

The Manager shall attend board meetings as a non-voting observer.

The Manager shall formulate working rules for the Manager, which shall be reported to the board of directors for approval prior to implementation.

The working rules for the Manager shall include the following:

- (1) The conditions, procedures, and participants for convening the Manager’s working meetings;
- (2) The specific responsibilities and division of labor among the Manager and other senior executives;
- (3) The authorization limits for the Company’s use of funds and assets, entry into major contracts, and the reporting system to the board of directors; and
- (4) Other matters deemed necessary by the board of directors.

The Manager may resign before the expiry of his/her term. The specific procedures and methods for the Manager’s resignation shall be stipulated in the labor contract between the Manager and the Company.

APPENDIX V SUMMARY OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

Candidates for deputy manager(s) shall be nominated by the Manager, and the Company’s board of directors shall convene a meeting to decide on their appointment or dismissal. The deputy manager(s) shall be responsible to the Manager, perform their respective duties according to the authority granted by the Manager, and assist the Manager in his/her work.

The Company shall have a Board Secretary, responsible for preparing shareholders’ meetings and board meetings, document preservation, management of shareholder information, handling information disclosure, and investor relations management.

The Board Secretary shall abide by the relevant provisions of laws, administrative regulations, departmental rules, the HKEX Listing Rules, other regulatory rules of the jurisdiction where the Company’s shares are [REDACTED], and the Articles of Association.

Where any senior executive violates laws, administrative regulations, departmental rules, the HKEX Listing Rules, other regulatory rules of the jurisdiction where the Company’s shares are [REDACTED], or the Articles of Association in performing his/her duties for the Company and thereby causes losses to the Company, he/she shall be liable for compensation.

The senior executives of the Company shall faithfully perform their duties and safeguard the best interests of the Company and all shareholders. Where any senior executive fails to faithfully perform his/her duties or violates his/her fiduciary obligations, thereby causing damage to the interests of the Company and shareholders, he/she shall be liable for compensation in accordance with law.

FINANCIAL AND ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDITING

Financial and Accounting System and Profit Distribution

The Company shall prepare its annual financial and accounting report within four (4) months after the end of each financial year, and its interim financial and accounting report within two (2) months after the end of the first six (6) months of each financial year.

The Company shall not maintain any accounting books other than those required by law. The Company’s funds shall not be deposited in any account opened in the name of any individual.

When distributing the after-tax profits of the current year, the Company shall allocate ten percent (10%) of the profits to the statutory common reserve of the Company. If the accumulated amount of the Company’s statutory common reserve reaches fifty percent (50%) or more of the Company’s registered capital, further allocations may be discontinued. If the Company’s statutory common reserve is insufficient to cover losses from prior years, the profits of the current year shall first be used to cover the losses before allocating to the statutory common reserve in accordance with the preceding paragraph.

After allocating to the statutory common reserve from the after-tax profits, the Company may, by a resolution of the shareholders’ meeting, allocate to a discretionary common reserve from the after-tax profits.

The remaining after-tax profits after covering losses and allocating to reserve funds shall be distributed to shareholders in proportion to the shares they hold, unless all shareholders unanimously agree otherwise. If the Company distributes profits to shareholders in violation of the preceding

APPENDIX V SUMMARY OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

provisions, the shareholders shall return the profits distributed in violation to the Company; if losses are caused to the Company, the shareholders and the responsible directors and senior executives shall be liable for compensation. The shares in the Company held by the Company itself shall not participate in profit distribution.

The Company’s reserve funds shall be used to cover the Company’s losses, expand its production and operations, or be converted to increase the Company’s registered capital. For making up losses of the Company by the reserve funds, the discretionary common reserve and the statutory common reserve shall be used first; where the deficit remains, the capital reserve may be used in accordance with applicable provisions. Where the statutory common reserve is converted to increase registered capital, the remaining reserve fund shall not be less than twenty-five percent (25%) of the Company’s registered capital prior to the conversion.

After the shareholders’ meeting adopts a resolution on the profit distribution plan, the Company’s board of directors must complete the distribution of dividends (or shares) within two (2) months after the shareholders’ meeting.

The Company’s profit distribution policy is as follows: the Company’s profit distribution shall place full emphasis on returns to investors, maintain the continuity and stability of the profit distribution policy, and at the same time take into account the Company’s long-term interests, the overall interests of all shareholders, and the Company’s sustainable development, and shall comply with the relevant provisions of laws, administrative regulations, rules, normative documents, the HKEX Listing Rules, other regulatory rules of the jurisdiction where the Company’s shares are [REDACTED], and the Articles of Association.

Internal Audit

The Company shall implement an internal audit system and shall equip itself with full-time audit personnel to conduct internal audit supervision over the Company’s financial revenues and expenditures and economic activities.

The Company’s internal audit system and the duties of audit personnel shall be implemented upon approval by the board of directors. The person in charge of audit shall be responsible to and report his/her work to the board of directors.

MERGER, DIVISION, INCREASE OF CAPITAL, REDUCTION OF CAPITAL, DISSOLUTION AND LIQUIDATION

Merger, Division, Increase of Capital, and Reduction of Capital

A merger of the Company may take the form of absorption merger or consolidation by new establishment. An absorption merger involves one company absorbing another company, and the absorbed company is dissolved. A consolidation by new establishment involves two or more companies merging to establish a new company, and all parties to the merger are dissolved.

Where the Company merges with a company in which it holds ninety percent (90%) or more of the shares, the absorbed company shall not be required to pass a resolution of its shareholders’ meeting, but other shareholders shall be notified and shall have the right to request the Company to repurchase their

APPENDIX V	SUMMARY OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

equity interests or shares at a reasonable price. Where the consideration paid for the merger does not exceed ten percent (10%) of the Company's net assets, the merger may be implemented without a resolution of the shareholders' meeting, unless otherwise provided by the Articles of Association. Where a merger is implemented without a shareholders' meeting resolution in accordance with the preceding provisions, it shall be subject to a resolution of the board of directors.

In the event of a merger, the parties involved shall enter into a merger agreement and prepare a balance sheet and a detailed inventory of properties. The Company shall, within ten (10) days of adopting the merger resolution, notify its creditors and, within thirty (30) days, make an announcement in a newspaper recognized by the local administrative authority for industry and commerce in the jurisdiction where the Company is located, or on the National Enterprise Credit Information Publicity System. Creditors who receive the notice shall have thirty (30) days from the date of receipt, or forty-five (45) days from the date of the announcement for those not receiving the notice, within which to demand that the Company settle its debts or provide corresponding security.

Upon a merger, the claims and debts of all parties to the merger shall be assumed by the company surviving the merger or the newly established company.

In the event of a division, the Company's property shall be divided accordingly. In the event of a division, the Company shall prepare a balance sheet and a detailed inventory of properties. The Company shall, within ten (10) days of adopting the division resolution, notify its creditors and, within thirty (30) days, make an announcement in a newspaper recognized by the local administrative authority for industry and commerce in the jurisdiction where the Company is located, or on the National Enterprise Credit Information Publicity System. The debts of the Company prior to its division shall be borne jointly and severally by the companies resulting from the division, unless a written agreement on debt settlement reached between the Company and its creditors prior to the division provides otherwise. Where the Company needs to reduce its registered capital, it must prepare a balance sheet and a detailed inventory of properties.

The Company shall, within ten (10) days of adopting the registered capital reduction resolution, notify its creditors and, within thirty (30) days, make an announcement in a newspaper recognized by the local administrative authority for industry and commerce in the jurisdiction where the Company is located, or on the National Enterprise Credit Information Publicity System. Creditors who receive the notice shall have thirty (30) days from the date of receipt, or forty-five (45) days from the date of the announcement for those not receiving the notice, within which to demand that the Company settle its debts or provide corresponding security.

The registered capital after reduction shall not be less than the statutory minimum.

If there are still losses after the Company makes up losses in accordance with the Articles of Association or the Company Law, it may make up losses by reducing its registered capital. If the registered capital is reduced to make up losses, the Company shall not distribute to shareholders, nor shall it exempt shareholders from their obligation to pay capital contributions or subscription funds. Where the registered capital is reduced for the purpose of making up losses, an announcement shall be made in a newspaper or on the National Enterprise Credit Information Publicity System within thirty (30) days from the date on which the shareholders' meeting adopts a resolution to reduce the registered capital.

APPENDIX V	SUMMARY OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

After the Company completes the capital reduction in accordance with the preceding two paragraphs, no profits shall be distributed until the cumulative amount of the statutory common reserve and the discretionary common reserve reaches fifty percent (50%) of the Company's registered capital. If profits are distributed in violation of regulations, shareholders must return the relevant profits to the Company; if losses are caused to the Company, the shareholders and the responsible directors and senior executives shall bear liability for compensation.

In the event of a merger or division of the Company where registration items change, the Company shall handle the modification of registration with the company registration authority in accordance with law; if the Company is dissolved, it shall handle the cancelation of registration in accordance with law; if a new company is established, it shall handle the establishment registration in accordance with law. Where the Company increases or decreases its registered capital, it shall handle the modification of registration with the company registration authority in accordance with law.

Dissolution and Liquidation

The Company shall be dissolved for any of the following reasons:

- (1) Expiration of the business term stipulated in the Articles of Association, or occurrence of any other dissolution event stipulated in the Articles of Association;
- (2) A resolution of the shareholders' meeting to dissolve;
- (3) Necessity of merger or division of the Company;
- (4) Revocation of business license, order to close down, or being disbanded according to law; or
- (5) Where the Company experiences severe difficulties in management and operation, and its continued existence would cause significant losses to shareholders' interests and cannot be resolved through other means, shareholders holding more than ten percent (10%) of the voting rights of the Company may request the people's court to dissolve the Company.

Upon occurrence of a dissolution event as specified above, the Company shall, within ten (10) days, publish the dissolution event on the National Enterprise Credit Information Publicity System.

Where the Company has a circumstance as described in items (1) or (2) of the first paragraph above and has not yet distributed property to shareholders, it may continue to exist by amending the Articles of Association or by a resolution of the shareholders' meeting.

Amending the Articles of Association or adopting a resolution in accordance with the preceding paragraph shall require the approval of more than two-thirds of the voting rights held by shareholders present at the shareholders' meeting.

A voluntary winding-up of the Company shall require the approval of shareholders holding more than two-thirds of the voting rights of shareholders present at the shareholders' meeting.

Where the Company is dissolved due to the circumstances described in items (1), (2), (4), and (5) of the first paragraph above, a liquidation committee shall be established within fifteen (15) days of the occurrence of the dissolution event to commence liquidation. The liquidation committee shall be

APPENDIX V SUMMARY OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

composed of directors or personnel determined by the shareholders’ meeting. Where no liquidation committee is established within the time limit, creditors may apply to the people’s court for designating relevant personnel to form a liquidation committee for liquidation.

The liquidation committee shall, within ten (10) days of its establishment, notify creditors and, within sixty (60) days, make an announcement in a newspaper recognized by the local administrative authority for industry and commerce in the jurisdiction where the Company is located, or on the National Enterprise Credit Information Publicity System. Creditors shall, within thirty (30) days of receiving the notice, or within forty-five (45) days of the announcement for those not receiving the notice, declare their claims to the liquidation committee.

When declaring a claim, the creditor shall provide relevant information and evidence of the claim. The liquidation committee shall register the claims. During the period of claim declaration, the liquidation committee shall not make payments to creditors.

After liquidating the Company’s properties and preparing the balance sheet and the detailed inventory of properties, the liquidation committee shall formulate a liquidation plan and submit it to the shareholders’ meeting or the people’s court for confirmation. The remaining assets of the Company after deducting liquidation expenses, employees’ wages, social insurance premiums and statutory compensation, paying outstanding taxes, and settling the Company’s debts shall be distributed to shareholders in proportion to the shares they hold. During the liquidation period, the Company shall continue to exist but shall not engage in any business activities unrelated to liquidation. The Company’s properties shall not be distributed to shareholders until after distribution in accordance with the foregoing provisions.

If, after liquidating the Company’s properties and preparing the balance sheet and the detailed inventory of properties, the liquidation committee discovers that the Company’s properties are insufficient to cover its debts, it shall apply to the people’s court for a declaration of bankruptcy in accordance with law. After the people’s court rules to declare the Company bankrupt, the liquidation committee shall transfer all liquidation matters to the people’s court.

After the Company’s liquidation is completed, the liquidation committee shall prepare a liquidation report, submit it to the shareholders’ meeting or the people’s court for confirmation, submit it to the company registration authority to apply for the cancelation of company registration, and announce the termination of the Company.

Where the Company is declared bankrupt in accordance with law, bankruptcy liquidation shall be carried out in accordance with relevant laws on enterprise bankruptcy.

AMENDMENT OF ARTICLES OF ASSOCIATION

The Company shall amend its Articles of Association under any of the following circumstances:

- (1) After the Company Law or relevant laws, administrative regulations, the HKEX Listing Rules, or other regulatory rules of the jurisdiction where the Company’s shares are [REDACTED] are amended, any matter stipulated in the Articles of Association conflicts with the amended laws, administrative regulations, the HKEX Listing Rules, or other regulatory rules of the jurisdiction where the Company’s shares are [REDACTED];

APPENDIX V	SUMMARY OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

- (2) The circumstances of the Company change, inconsistent with the matters recorded in the Articles of Association; or
- (3) The shareholders’ meeting decides to amend the Articles of Association.

Where a matter amended in the Articles of Association by a resolution of the shareholders’ meeting requires approval from the competent authority, it shall be submitted to the competent authority for approval; where it involves a company registration item, the modification of registration shall be handled in accordance with law.

The board of directors shall amend the Articles of Association in accordance with the resolution of the shareholders’ meeting to amend the Articles of Association and the approval opinions of the relevant competent authority.

APPENDIX VI

PROPERTIES VALUATION REPORT

The following is the text of a letter, summary of values and valuation particulars prepared for the purpose of incorporation in this document received from Colliers Appraisal & Advisory Services (Shanghai) Co., Ltd., an independent valuer, in connection with its valuation as at 31 March 2026 of the Properties held by the Company.

Colliers Appraisal and Advisory Services (Shanghai) Co., Ltd.
No. 253 Yonghe Road
Jing'an District
Shanghai
the PRC



The Board of Directors
Shenzhen Jiecheng New Energy Technology Co., Ltd.
深圳傑成新能源科技股份有限公司
2nd Floor, 1-1 Honghualing Road,
Pingxilingbei, Pingdi Street,
Longgang District,
Shenzhen, the PRC

[●] 2026

Dear Sirs,

Re: Valuation of No. 2, Huiyuan 2nd Road, Gujing Town, Xinhui District, Jiangmen City, Guangdong Province, the People's Republic of China (“PRC”)

INSTRUCTIONS

In accordance with your instructions for us to value the Properties held by Shenzhen Jiecheng New Energy Technology Co., Ltd. (深圳傑成新能源科技股份有限公司) (“Company”) and its subsidiaries (together referred to as the “Group”) in the People's Republic of China (“the PRC”), we confirm that we have carried out inspections, made relevant enquires and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the Market Values of the Properties as at 31 March 2026 (the “Valuation Date”), for the purpose of incorporating in the public document.

The Properties form part of the Group's non-property activities that has a carrying amount of 15% or more of the Group's total assets. Therefore, a valuation report of these Properties is required to be included in this [REDACTED] document.

BASIS OF VALUATION

Our valuation of each of the Properties is provided on the basis of Market Value, which we would define as “the estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

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PROPERTIES VALUATION REPORT

Market Value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

This estimate specifically excludes an estimated price inflated or deflated by special considerations or concessions granted by anyone associated with the sale, or any element of special value.

VALUATION STANDARDS

In valuing the Properties, we have fully complied with the latest edition of the Royal Institution of Chartered Surveyors (RICS) Global Valuation Professional Standards, incorporating the International Valuation Standards of the International Valuation Standards Council (IVSC), the requirements set out in Chapter 5 of and Practice Note 12 to the Rule Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited.

QUALIFICATIONS OF THE VALUER

The valuations have been prepared by Kin Ming Woo James (James Woo) (RICS Registration No.: 0837243). James is a Fellow member of the Royal Institution of Chartered Surveyors. He is an Executive Director of Valuation and Advisory Services, China at Colliers Appraisal and Advisory Services (Shanghai) Co., Ltd. (“Colliers”). He is suitably qualified to carry out the valuation and has over 26 years’ experience in the valuation of properties of this magnitude and nature in the PRC.

We are acting as an independent valuer as defined in the latest “RICS Global Valuation Standards” published by the RICS, which incorporates with the International Valuation Standards.

Neither the valuer nor Colliers are aware of any pecuniary interest or conflict that could reasonably be regarded as being capable of affecting the ability to give an unbiased and objective, opinion of the value of the Property.

VALUATION APPROACHES

Due to the nature of the buildings and structures of the property, there are unlikely to have relevant market comparable sales readily available in the vicinity. The Property is therefore valued by the Cost Approach, with reference to its depreciated replacement cost. It is based on an estimate of the market value for the existing use of the land, plus the current cost of replacement of the improvements, less deductions for physical deterioration and all relevant forms of obsolescence and optimization.

Depreciated replacement cost provides an indication of value by using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors are involved. The method provides an indication of value by calculating the current replacement or reproduction cost of an asset and make deductions for physical deterioration and all other relevant forms of obsolescence.

In valuing the land portion of the Property, we have adopted the Market Approach. Market Approach provides an indication of value by comparing the subject asset with identical or similar assets for which price information is available. By analysing such sales, which qualify as “arms-length” transactions, between willing buyers and sellers, adjustments are made for size, location, amenities and

APPENDIX VI

PROPERTIES VALUATION REPORT

other relevant factors when comparing such sales prices to assess the value of the subject asset. This approach is commonly used to value assets where reliable sales evidence of assets of a similar nature is available.

The market value determined represents the entire complex or development as a single, unified entity, with no consideration given to piecemeal transactions involving individual parts of the complex or development.

SOURCES OF INFORMATION

Although we have made independent enquires as much as possible, we have relied to a very considerable extent on the information provided by the Group and its legal advisor in respect of the titles of the Properties. We also have accepted such information given to us as being true and correct for the purpose of the valuations. This has included such matters as ownership title, site and floor areas, planning approvals or statutory notices, easements, tenure, occupancy, lettings, the identification of the Property and all other relevant matters.

We have also been advised by the Company that no material factors or information have been omitted or withheld from the information supplied and consider that we have been provided with sufficient information to reach an informed view. We believe that the assumptions used in preparing our valuations are reasonable and have had no reason to doubt the truth and accuracy of the information provided to us by the Company which is material to the valuations.

TITLE DOCUMENTS

We have been provided with copies or extracts of title documents relating to the Properties and have made relevant enquires where possible. Due to the nature of the land registration system in the PRC, however, we have not examined the original documents to verify the existing titles to the Properties or any material encumbrances that might be attached to the Properties or any lease amendments. We have made assumptions that the full and proper ownership titles of the Properties have been obtained and all payable land premium or land-use rights fees have been fully settled.

We have relied on the advice given by the Company's legal adviser, Commerce & Finance Law Offices (北京市通商(深圳)律師事務所), based on their legal opinion regarding the titles of the Properties. We do not accept liability for any interpretation that we have placed on such information, which is more properly placed within the sphere of the legal adviser.

All legal documents disclosed in this letter and the valuation particulars are for reference only. No responsibility is assumed for any legal matters concerning the legal titles to the Properties set out in this letter and the valuation particulars.

ASSUMPTIONS AND CAVEATS

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the Properties valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Properties are free from encumbrances, restrictions and outgoings of an onerous nature that could affect their values.

APPENDIX VI

PROPERTIES VALUATION REPORT

We have conducted the valuation assuming:

- the information as set out in the section headed “Sources of Information” above about the titles of the Property provided by the Company and its legal advisor, Commerce & Finance Law Offices 北京市通商(深圳)律師事務所 is true and correct;
- the Properties are free from contamination and environmental problems or hazards;
- we have assumed the Properties are in a good state of repair, management and maintenance and fit for the use to which it is put, and will continue to be managed and maintained to this standard in the future.

ESG CONSIDERATION

Where our advice is based on International Valuation Standards (IVS), we have had regard to i) those significant environmental, social and governance (ESG) factors which were readily apparent to us from our inspection of the Property, if undertaken and ii) which we consider significantly impact our advice. This is a requirement of the IVS. In our advice we have endeavoured to analyse whether any significant ESG factors affect the value assessed. For your acknowledge, we are property valuers and that we do not have any expertise in conducting environmental audits or any audits regarding the compliance of any entity associated with the Properties in relation to its social responsibility or corporate governance. Such an assessment is beyond the scope and purpose of our advice. You should seek specific advice in relation to these matters, given that our observations are of a very general nature.

SITE MEASUREMENT

We have not carried out on-site measurements to verify the correctness of the site areas in respect of the Properties but have assumed that the areas shown on the documents and plans provided to us are true and correct in all respects. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

SITE INSPECTIONS

The Properties were inspected by James Woo and Bella Chen at 17 March 2026.

We have inspected the exterior, and where possible, the interiors of the Properties, in the course of our inspection, we did not note any serious defects. However, we have not carried out a structural survey nor have we inspected woodwork or other parts of the structures which are covered, unexposed or inaccessible and we are therefore unable to report that any such parts of the Properties is free from defect though in the course of our inspections we did not note any serious defects. No tests were carried out on any of the services.

Please be advised we have not carried out investigations to determine the suitability of the ground conditions and the services etc. for any future development. Our valuations have been prepared on the assumption that these aspects are satisfactory.

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CURRENCY

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

We hereby certify that we have neither present nor a prospective interest in the Properties or the values reported.

Our summary of values and valuation particulars are attached hereto.

Yours faithfully,

For and on behalf of

Colliers Appraisal and Advisory Services (Shanghai) Co., Ltd.

Kin Ming Woo James

FRICS AICFC

Executive Director

Valuation and Advisory Services I China

RICS Registration Number: 0837243

Note: Mr. James Woo is a Registered and independent Valuer with over 26 years’ experience in real estate industry and assets valuation sector. His experience on valuation covers the PRC. Mr. Woo is a fellow member of the Royal Institution of Chartered Surveyors.

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PROPERTIES VALUATION REPORT

VALUATION PARTICULAR

Property	Property Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 March 2026																						
No. 2, Huiyuan 2nd Road, Gujing Town, Xinhui District, Jiangmen City, Guangdong Province, the PRC 中國 廣東省 江門市 新會區 古井鎮 匯源二路 2號	The Property is a large-scale industrial complex erected on one parcel of land with a total site area of approximately 51,574.93 sq.m. The Property is situated within the Xinhui District, Jiangmen City, a highly accessible location at the intersection of Huiyuan 2nd Road and Jiang Men Avenue. It is about 25 kilometers from Jiangmen Station (江門站). The locality is characterized by its industrial nature and supported by robust public infrastructure and an efficient road network. The Property comprise 14 buildings for industrial use. The Property has a certified gross floor area (GFA) of 49,667.69 sq.m. with a total site area of 51,574.93 sq.m. As advised, 14 buildings were completed in 2024. Detailed Certified Gross Floor Area (GFA) of the Property is listed below: <table><thead><tr><th>Building</th><th>GFA (sq.m.)</th></tr></thead><tbody><tr><td>F0001</td><td>78.48</td></tr><tr><td>F0002</td><td>4,629.77</td></tr><tr><td>F0003</td><td>9,502.34</td></tr><tr><td>F0004</td><td>640.96</td></tr><tr><td>F0005</td><td>13.60</td></tr><tr><td>F0006</td><td>241.02</td></tr><tr><td>F0007</td><td>1,967.29</td></tr><tr><td>F0008</td><td>4,667.03</td></tr><tr><td>F0009</td><td>7,061.33</td></tr><tr><td>F0010</td><td>201.16</td></tr></tbody></table>	Building	GFA (sq.m.)	F0001	78.48	F0002	4,629.77	F0003	9,502.34	F0004	640.96	F0005	13.60	F0006	241.02	F0007	1,967.29	F0008	4,667.03	F0009	7,061.33	F0010	201.16	At the date of our inspection, the Property was for self-use and in normal operation.	RMB245,290,000 RENMINBI TWO HUNDRED FORTY FIVE MILLION TWO HUNDRED NINETY THOUSAND
Building	GFA (sq.m.)																								
F0001	78.48																								
F0002	4,629.77																								
F0003	9,502.34																								
F0004	640.96																								
F0005	13.60																								
F0006	241.02																								
F0007	1,967.29																								
F0008	4,667.03																								
F0009	7,061.33																								
F0010	201.16																								

APPENDIX VI

PROPERTIES VALUATION REPORT

Property	Property Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 March 2026
	F0011	7,370.62	
	F0012	1,185.15	
	F0013	3,137.74	
	F0014	<u>8,971.20</u>	
	Total:	<u><u>49,667.69</u></u>	

The land use rights of the Property have been granted for a term expiring on 1 March 2072 for industrial use.

Notes:

- (1) Pursuant to the Business License issued by the Market Supervision Administration of Jiangmen Xinhui District, the basic information of Guangdong Jiecheng New Energy Material Technology Co., Ltd (廣東傑成新能源材料科技有限公司) (“Guangdong Jiecheng”) an direct wholly-owned subsidiary of the Company, is as follows:

Enterprise Name:	Guangdong Jiecheng New Energy Material Technology Co., Ltd (廣東傑成新能源材料科技有限公司)
Social Credit Code:	91440705MA5715G54P
Type:	Limited Liability Company (Wholly Owned by a Corporate Entity, not invested or controlled by natural persons)
Legal Representative:	Zheng Weipeng (鄭偉鵬)
Registered Capital:	RMB150,000,000
Date of Establishment:	23 August 2021
Operating Period:	From August 23, 2021 to open-ended
Address:	No. 2, Huiyuan 2nd Road, Gujing Town, Xinhui District, Jiangmen City, Guangdong Province, the PRC
Scope of Business:	Recycling and echelon utilization of waste power batteries for new energy vehicles (excluding hazardous waste operation); sales of high-purity elements and compounds; smelting of common non-ferrous metals; processing of metal scrap and scraps; R&D, manufacturing and sales of electronic special materials; R&D on resource recycling and utilization technology; processing of renewable resources; technical services, technical development, technical consulting, technical exchanges, technical transfer and technical promotion. (Projects subject to approval in accordance with the law may only be engaged in business activities upon approval by the relevant authorities)

APPENDIX VI

PROPERTIES VALUATION REPORT

- (2) Pursuant to the Real Estate Ownership Certificate No. 2001180 of Jiangmen City, Guangdong Province (2025), dated 15 January 2025, the land use rights of the Property with a site area of approximately 51,574.93 sq.m. and the building ownership of the Property with a total gross floor area of approximately 49,667.69 sq.m. is vested in Guangdong Jiecheng. Details of the buildings and structures are listed below:

No.	Building Structure	Number of Floors	Year of Completion	GFA (m ²)
F0001	Reinforced Concrete Structure	1 Floor	2024	78.48
F0002	Reinforced Concrete Structure	7 Floors	2024	4,629.77
F0003	Reinforced Concrete Structure	5 Floors	2024	9,502.34
F0004	Steel & Reinforced Concrete Structure	1 Floor	2024	640.96
F0005	Reinforced Concrete Structure	1 Floor	2024	13.60
F0006	Reinforced Concrete Structure	2 Floors (1 Basement, 1 Above Ground)	2024	241.02
F0007	Steel & Reinforced Concrete Structure	3 Floors	2024	1,967.29
F0008	Steel & Reinforced Concrete Structure	1 Floor	2024	4,667.03
F0009	Reinforced Concrete Structure	4 Floors	2024	7,061.33
F0010	Reinforced Concrete Structure	1 Floor	2024	201.16
F0011	Reinforced Concrete Structure	3 Floors	2024	7,370.62
F0012	Reinforced Concrete Structure	2 Floors	2024	1,185.15
F0013	Steel & Reinforced Concrete Structure	1 Floor	2024	3,137.74
F0014	Steel & Reinforced Concrete Structure	2 Floors	2024	8,971.20
Total	/	/	/	<u><u>49,667.69</u></u>

- (3) The general description and market information of the Property are summarized below:

Location:	The Property is located within the Xinhui District, Jiangmen City
Transportation:	Jiangmen Station is located approximately 25 kilometres away from the Property. Also, taxi and bus are readily available in the locality
Nature of Surrounding Area:	The surrounding area is primarily industrial, featuring a mix of business parks and production plant.

- (4) Copies of instruments in respect of the status of title and grant of major approvals and licenses of the Property provided to us are as follows

Document/Approval	Availability
State-owned Land-use Rights Grant Contract	Yes
Real Estate Ownership Certificate	Yes
Construction Land Planning Permit	Yes
Construction Work Planning Permit	Yes
Construction Work Commencement Permit	Yes
Construction Work Completion Certified Report	Yes
Business License	Yes

- (5) We have been provided with a legal opinion on the Property prepared by the Company's PRC legal advisor, Commerce & Finance Law Offices (北京市通商(深圳)律師事務所) which contains, inter alia, the following information:

- a. The property is mortgaged. The right to use the state-owned construction land and the ownership of the property are mortgaged to Bank of China Limited Jiangmen Branch. The mortgage term is from 12 December 2022 to 31 December 2037.

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FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation of Our Company

Our predecessor Company was established in the PRC on January 10, 2012 under the laws of the PRC. As of the Latest Practicable Date, the registered share capital of our Company was RMB44,673,129.

Our Company has established a place of business in Hong Kong at Unit 02, 8/F, Tung Che Commercial Centre, 246 Des Voeux Road West, Hong Kong and has registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on [●]. Mr. Zhang Senquan has been appointed as our authorized representative for the acceptance of service of process in Hong Kong whose correspondence address is the same as our place of business in Hong Kong.

2. Changes in the Share Capital of Our Company

On May 20, 2026, our share capital was increased from RMB43,917,246 to RMB44,673,129. Save as disclosed in this paragraph and 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

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

Pursuant to a general meeting of our Shareholders held on May 22, 2026, the following resolutions, among others, were passed by our Shareholders:

- (a) the [REDACTED] has been approved and the Board has been authorized to apply for the [REDACTED] of our H Shares on the Stock Exchange as well as to approve matters in relation to the [REDACTED];
- (b) the issue by our Company of H Shares with a nominal value of [REDACTED] each up to [REDACTED] H Shares in total and such H Shares be [REDACTED] on the Stock Exchange, effective upon [REDACTED];
- (c) subject to the completion of filing with CSRC, upon completion of the [REDACTED] and the [REDACTED], [REDACTED] Shares will be converted into H Shares on a one for one basis (“Full Circulation”);
- (d) authorization of the Board and its authorized persons to handle all matters relating to, among other things, the [REDACTED], the issue and [REDACTED] of the H Shares;
- (e) authorization of the Board and its authorized persons to deal with, individually or jointly, all matters relating to the application for the Full Circulation; and

APPENDIX VII

STATUTORY AND GENERAL INFORMATION

- (f) the Board has been authorized to revise and amend the Articles of Association, which shall become effective on the [REDACTED], in accordance with relevant laws, regulations and regulatory documents, the requirements and recommendations of the relevant regulatory authorities and the actual situation of the [REDACTED].

FURTHER INFORMATION ABOUT THE BUSINESS OF THE COMPANY

1. Summary of Material Contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this document that are or may be material:

- (a) the [REDACTED];
- (b) the share transfer agreement dated April 29, 2024 entered into between our Company and Huizhou Runjia Yanke Environmental Protection Technology Co., Ltd.* (惠州市潤嘉彥科環保科技有限公司, “**Huizhou Runjia**”), pursuant to which, our Company transferred its 55% shares in Guangdong Jiecheng New Energy Environmental Protection Technology Co., Ltd.* (廣東杰成新能源環保科技有限公司) to Huizhou Runjia at a consideration of RMB7.15 million;
- (c) the capital increase and share subscription agreement dated April 30, 2026 entered into among our Company, Shanghai Yunjuan Enterprise Management Consulting Co., Ltd.* (上海雲鐫企業管理諮詢有限公司), Shenzhen Capital Group Co., Ltd.* (深圳市創新投資集團有限公司), Shenzhen Qianhai Hongtu M&A Fund Partnership (Limited Partnership)* (深圳前海紅土併購基金合夥企業(有限合夥)), Shenzhen Venture Capital Small and Medium Enterprise Development Fund (Xinjiang) Limited Partnership Enterprise* (深創投中小企業發展基金(新疆)有限合夥企業), Shenzhen Jundacheng Intelligent Technology Co., Ltd.* (深圳市君達成智能科技有限公司), Huzhou Zifeng Xiangxing Equity Investment Partnership Enterprise (Limited Partnership)* (湖州紫峰祥興股權投資合夥企業(有限合夥)), Jiangmen Xinhui Xinkong Dual Carbon Industry Fund Co., Ltd.* (江門市新會新控雙碳產業基金有限公司), Shenzhen Jinteng, and Liyang Municipal Government Investment Fund (Limited Partnership)* (溧陽市政府投資基金(有限合夥)), Shenzhen Herong Smart No.1 Investment Enterprise (Limited Partnership)* (深圳市和榮機智一號投資企業(有限合夥)), Hongwan Boguan (Zhaoqing) Equity Investment Partnership Enterprise (Limited Partnership)* (弘灣博觀(肇慶)股權投資合夥企業(有限合夥)), Guangdong Yuecai SME Equity Investment Fund Partnership Enterprise (Limited Partnership)* (廣東粵財中小企業股權投資基金合夥企業(有限合夥)), Zhuhai Hengqin Yixingbanyue Investment Partnership (L.P.)* (珠海橫琴依星伴月投資合夥企業(有限合夥)), Shanghai Guangpu Venture Capital Co., Ltd.* (上海光朴創業投資管理有限公司), Nantong Wujie Enterprise Management Partnership Enterprise (Limited Partnership)* (南通伍杰企業管理合夥企業(有限合夥)), Xinyu Xinye Equity Investment Center (Limited Partnership)* (新餘新業股權投資中心(有限合夥)), Shenzhen Longgang District Jinteng Industrial Investment Partnership Enterprise (Limited Partnership)* (深圳龍崗區金騰產業投資合夥企業(有限合夥)), Shenzhen Jiecheng Investment Consulting Co., Ltd.* (深圳市杰成投資諮詢有限公司), Mr. Zheng Weipeng, Shenzhen Jiecheng Mingchahui Enterprise Management Partnership (Limited Partnership)* (深圳市杰成名車匯企業管理合夥企業(有限合夥)), Shenzhen Yongchangxuan Enterprise Management Partnership Enterprise

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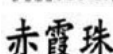
(Limited Partnership)* (深圳市永昌軒企業管理合夥企業(有限合夥)), Shenzhen Jiecheng Zhiyuan Enterprise Management Partnership (Limited Partnership)* (深圳市杰成致遠企業管理合夥企業(有限合夥)), Shenzhen Jiecheng Enterprise Management Partnership Enterprise (Limited Partnership)* (深圳市杰成企業管理合夥企業(有限合夥)), Xinyu Weisen No. 1 Venture Capital Fund Partnership (Limited Partnership)* (新余市威森一號創業投資基金合夥企業(有限合夥)), “Xinyu Weisen”), Shenzhen Yongchangxuan and Guangdong Shuishi Investment Co., Ltd.* (廣東水石投資有限公司, “Guangdong Shuishi”), Mr. Wu Lijue, Mr. Zhang Qiuhui, Mr. Yang Haoyu, Mr. Lin Xiaojie, pursuant to which Xinyu Weisen, Shenzhen Yongchangxuan and Guangdong Shuishi agreed to invest in the Company in the aggregate amount of RMB44.75 million with subscription for the newly increased registered capital of the Company in the aggregate amount of RMB755,883, comprising RMB19.75 million with subscription for RMB333,602 of registered capital by Xinyu Weisen, RMB15.00 million with subscription for RMB253,369 of registered capital by Shenzhen Yongchangxuan, and RMB10.00 million with subscription for RMB168,912 of registered capital by Guangdong Shuishi, and the remaining amount of RMB43,994,117 was accounted into the capital reserve; and

- (d) the share purchase agreement dated May 11, 2026 entered into among our Company, Cheung Ting Ting, Tan Yeow Chuan and Ng Cheng Tee in relation to our Company’s acquisition of the 70% equity interests in Techom Metal SDN. BHD. by way of share transfer and further share subscription at a total consideration of Ringgit Malaysia MYR16,590,000.

2. Intellectual Property Rights

Trademarks Registered in the PRC

As of the Latest Practicable Date, we have registered the following trademarks in the PRC, which we consider to be or may be material to our business:

No.	Owner	Trademark	Registration Number	Class	Place of Registration	Date of Registration Announcement	Validity Period
1	Our Company		77301992	40	PRC	2024-09-28	2034-09-27
2	Our Company		77297271	1	PRC	2024-11-28	2034-11-27
3	Our Company		76097607	9	PRC	2024-06-28	2034-06-27
4	Our Company		74587853	40	PRC	2024-07-07	2034-07-06
5	Our Company		74585123	1	PRC	2024-04-21	2034-04-20
6	Our Company		72889940	1	PRC	2024-01-28	2034-01-27
7	Our Company		72875377	1	PRC	2024-01-28	2034-01-27
8	Our Company		72885254	40	PRC	2024-01-21	2034-01-20

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No.	Owner	Trademark	Registration Number	Class	Place of Registration	Date of Registration Announcement	Validity Period
9	Our Company	杰成	72551427	1	PRC	2024-10-14	2034-10-13
10	Our Company	JCNE	70370818	35	PRC	2023-11-21	2033-11-20
11	Our Company	JCNE	70380819	9	PRC	2024-01-21	2034-01-20
12	Our Company	趣电熊	70386776	12	PRC	2023-09-28	2033-09-27
13	Our Company	JCNE	70362312	35	PRC	2023-11-21	2033-11-20
14	Our Company	趣电熊	70380840	35	PRC	2023-09-28	2033-09-27
15	Our Company	JCNE	70371976	9	PRC	2024-12-21	2034-12-20
16	Our Company	JCNE	68832492	40	PRC	2023-06-14	2033-06-13
17	Our Company	JCNE	68820696	40	PRC	2023-06-21	2033-06-20
18	Our Company	JCNE	68820701	1	PRC	2023-06-21	2033-06-20
19	Our Company	JCNE	68832470	40	PRC	2023-06-14	2033-06-13
20	Our Company	JCNE	68820715	1	PRC	2023-06-21	2033-06-20
21	Our Company	JCNE	68821889	1	PRC	2023-06-21	2033-06-20
22	Our Company	JCNE	68558124	1	PRC	2023-06-07	2033-06-06
23	Our Company	JCNE	68560682	40	PRC	2023-06-14	2033-06-13
24	Our Company	JC ENERGY	64921981	1	PRC	2023-04-21	2033-04-20
25	Our Company	JIE CHENG	64924388	1	PRC	2022-12-07	2032-12-06
26	Our Company	趣电熊	63917791	9	PRC	2022-10-07	2032-10-06
27	Our Company	芯能源	55938930	40	PRC	2021-12-21	2031-12-20
28	Our Company	杰成	38229152	40	PRC	2020-04-28	2030-04-27

As of the Latest Practicable Date, we have applied for the registration of the following trademarks, which we consider to be or may be material to our business:

No.	Applicant	Application Number	Place of Application	Trademark	Class	Application Date
1	Our Company	307185466	Hong Kong	杰成新能源	1, 40	2026-02-06
2	Our Company	307185628	Hong Kong	JCNE	1, 40	2026-02-06
3	Our Company	307185637	Hong Kong	JCNE	1, 40, 9, 35	2026-02-06
4	Our Company	TM2026004840	Malaysia	JCNE	1	2026-02-10

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No.	Applicant	Application Number	Place of Application	Trademark	Class	Application Date
5	Our Company	TM2026004843	Malaysia		9	2026-02-10
6	Our Company	TM2026004844	Malaysia		35	2026-02-10
7	Our Company	TM2026004845	Malaysia		40	2026-02-10
8	Our Company	TM2026004850	Malaysia		1	2026-02-10
9	Our Company	TM2026004851	Malaysia		40	2026-02-10
10	Our Company	TM2026005009	Malaysia	杰成新能源	40	2026-02-11
11	Our Company	TM2026005008	Malaysia	杰成新能源	1	2026-02-11

Patents

As of the Latest Practicable Date, we have registered the following patents which we consider to be material to our Group’s business:

No.	Patentee(s)	Patent	Patent Number	Category	Place of Registration	Date of Application	Date of Authorization Announcement
1	Our Company	Energy Storage Charging Box System	CN202422636706.9	Utility Model	PRC	2024-10-30	2025-11-18
2	Our Company	Battery Pack Cooling Structure for Energy Storage Charging Stations	CN202422636692.0	Utility Model	PRC	2024-10-30	2025-11-18
3	Our Company	Photovoltaic-based Retired Battery Energy Storage Control System	CN202411418082.1	Invention Patent	PRC	2024-10-11	2025-10-24
4	Our Company	A Battery Jelly Roll Dismantling Equipment	CN202421629752.X	Utility Model	PRC	2024-07-10	2025-09-05
5	Our Company	An Apparatus for Leaching Lithium Elements from Lithium Iron Phosphate Recovery Powder	CN202422580215.7	Utility Model	PRC	2024-10-23	2025-09-02
6	Our Company	A Pressurized Discharging Device for Waste Lithium Batteries	CN202421619471.6	Utility Model	PRC	2024-07-09	2025-09-02

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No.	Patentee(s)	Patent	Patent Number	Category	Place of Registration	Date of Application	Date of Authorization Announcement
7	Our Company	An Apparatus Applied to Extractant Condensation Recovery	CN202422449550.3	Utility Model	PRC	2024-10-10	2025-08-29
8	Our Company	Energy Storage Box with Self-locking Door	CN202421818610.8	Utility Model	PRC	2024-07-30	2025-08-08
9	Our Company	A Small Cylindrical Battery Production Line	CN202422443363.4	Utility Model	PRC	2024-10-10	2025-08-01
10	Our Company	A Separation Device Applied to Crushed Products of Battery Negative Electrode Plates	CN202422454426.6	Utility Model	PRC	2024-10-10	2025-07-25
11	Our Company	A Heating and Dismantling Equipment for Battery Jelly Rolls	CN202410923555.7	Invention Patent	PRC	2024-07-10	2025-06-27
12	Our Company	Battery Pack Bracket Mounting Stand	CN202421819527.2	Utility Model	PRC	2024-07-30	2025-06-17
13	Our Company	Battery Pack Bracket Cell	CN202421819354.4	Utility Model	PRC	2024-07-30	2025-06-17
14	Our Company	A Sorting Equipment for Screening Metal Particles and Separator Scraps	CN202421896054.6	Utility Model	PRC	2024-08-06	2025-06-10
15	Our Company	An Automatic Battery Discharging Production Line	CN202420886097.X	Utility Model	PRC	2024-04-26	2025-06-10
16	Our Company	A Discharging and Recycling Device for Retired Batteries	CN202421738600.3	Utility Model	PRC	2024-07-22	2025-06-10
17	Our Company	An Assembly Line for Discharging Treatment of Cylindrical Batteries	CN202421660142.6	Utility Model	PRC	2024-07-15	2025-05-16

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No.	Patentee(s)	Patent	Patent Number	Category	Place of Registration	Date of Application	Date of Authorization Announcement
18	Our Company	A Discharging Feedback Device for Waste Batteries	CN202420750085.4	Utility Model	PRC	2024-04-12	2025-03-28
19	Our Company	A Discharging Equipment for Cylindrical Waste Lithium Batteries	CN202420562163.8	Utility Model	PRC	2024-03-21	2025-03-07
20	Our Company	A Semi-insertion Battery Discharging Device	CN202420541484.X	Utility Model	PRC	2024-03-20	2025-03-04
21	Our Company	A Batch Battery Discharging Contact Plate and Discharging Device	CN202420448473.7	Utility Model	PRC	2024-03-07	2025-03-04
22	Our Company	Echelon Utilization Control System for Retired Power Batteries	CN202323378221.6	Utility Model	PRC	2023-12-12	2025-02-11
23	Our Company	A Battery Discharging Device	CN202421079234.5	Utility Model	PRC	2024-05-17	2025-01-21
24	Our Company	A Clean and Efficient Discharging Equipment for Retired Aluminum Shell Batteries	CN202323495281.6	Utility Model	PRC	2023-12-20	2024-12-31
25	Our Company	A Tooling Fixture	CN202421087010.9	Utility Model	PRC	2024-05-17	2024-12-31
26	Our Company	A Discharging Device Suitable for Cylindrical Lithium Batteries	CN202323491864.1	Utility Model	PRC	2023-12-20	2024-12-31
27	Our Company	A Chain-guided Multi-blade Saw	CN202323504189.1	Utility Model	PRC	2023-12-20	2024-12-31
28	Our Company	Recycling and Processing Method for Waste Lithium Iron Phosphate Batteries	CN202410642909.0	Invention Patent	PRC	2024-05-23	2024-09-13

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No.	Patentee(s)	Patent	Patent Number	Category	Place of Registration	Date of Application	Date of Authorization Announcement
29	Our Company	An Adaptive Control Method for Discharging Current of Waste Batteries and Related Devices	CN202410746226.X	Invention Patent	PRC	2024-06-11	2024-08-20
30	Our Company	A Safe Transmission Method for Feedback Electric Energy of Waste Batteries and Related Devices	CN202410622463.5	Invention Patent	PRC	2024-05-20	2024-08-16
31	Our Company	An Intelligent Rapid Discharging Control Method for Waste Batteries and Related Devices	CN202410674808.1	Invention Patent	PRC	2024-05-29	2024-08-16
32	Our Company	Method for Determining Remaining Calendar Life of Retired Batteries	CN202410631260.2	Invention Patent	PRC	2024-05-21	2024-07-30
33	Our Company	A Control Method for Feedback Electric Energy Transmission Status of Retired Batteries and Related Devices	CN202410605672.9	Invention Patent	PRC	2024-05-16	2024-07-19
34	Our Company	A Discharging Equipment and Discharging Method for Retired Cylindrical Lithium Batteries	CN202410468740.1	Invention Patent	PRC	2024-04-18	2024-07-16
35	Our Company	A Discharging Process Monitoring Method for Small Waste Batteries and Related Devices	CN202410304624.6	Invention Patent	PRC	2024-03-18	2024-07-16

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No.	Patentee(s)	Patent	Patent Number	Category	Place of Registration	Date of Application	Date of Authorization Announcement
36	Our Company	A Discharging Endpoint Detection Method for Waste Batteries and Related Devices	CN202410362589.3	Invention Patent	PRC	2024-03-28	2024-07-16
37	Our Company	Echelon Utilization Configuration Method for Retired Battery Packs	CN202410566356.5	Invention Patent	PRC	2024-05-09	2024-07-12
38	Our Company	Echelon Utilization Control Method for Retired Battery Packs	CN202410426000.1	Invention Patent	PRC	2024-04-10	2024-07-02
39	Our Company	An Energy Control Method and Device for Retired Lithium Battery Discharging Systems	CN202410332961.6	Invention Patent	PRC	2024-03-22	2024-06-18
40	Our Company	A Discharging Voltage Rebound Control Method and Device for Retired Lithium Batteries	CN202410354860.9	Invention Patent	PRC	2024-03-27	2024-06-14
41	Our Company	An Efficient and Convenient Discharging Method for Waste Cylindrical Lithium-ion Batteries	CN202410425406.8	Invention Patent	PRC	2024-04-10	2024-06-14
42	Our Company	Wet Recycling Method for Defective Positive Electrode Materials, Positive Electrode Materials and Lithium Iron Phosphate Batteries	CN202410058596.4	Invention Patent	PRC	2024-01-16	2024-05-28

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No.	Patentee(s)	Patent	Patent Number	Category	Place of Registration	Date of Application	Date of Authorization Announcement
43	Our Company	Whole Pack Utilization System for Retired Power Battery Packs	CN202410040156.6	Invention Patent	PRC	2024-01-11	2024-05-28
44	Our Company	An Intelligent Control Method for Batch Discharging of Waste Batteries and Related Devices	CN202410339138.8	Invention Patent	PRC	2024-03-25	2024-05-24
45	Our Company	A Discharging Status Optimization Method for Retired Batteries and Related Devices	CN202410284248.9	Invention Patent	PRC	2024-03-13	2024-05-14
46	Our Company	Whole Pack Reuse Control Method for Retired Battery Packs	CN202410063866.0	Invention Patent	PRC	2024-01-17	2024-04-19
47	Our Company	Series Switching Control System for Retired Battery Pack Reuse	CN202311780742.6	Invention Patent	PRC	2023-12-22	2024-03-29
48	Our Company	A Method for Completely Discharging Waste Lithium-ion Batteries	CN202311765093.2	Invention Patent	PRC	2023-12-21	2024-02-27
49	Our Company	Battery Discharging Device and Battery Discharging Control Method	CN202311236883.1	Invention Patent	PRC	2023-09-25	2024-02-09
50	Our Company	Discharging and Grid-connecting Device, Method and Storage Medium for Retired Batteries	CN202311190427.8	Invention Patent	PRC	2023-09-15	2024-01-05

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No.	Patentee(s)	Patent	Patent Number	Category	Place of Registration	Date of Application	Date of Authorization Announcement
51	Our Company	Battery Discharging Device, Its Cooling Control Method, and Discharging Mechanism	CN202311070347.9	Invention Patent	PRC	2023-08-24	2023-12-29
52	Our Company	Battery Discharging Device and Battery Discharging Control Method	CN202311150520.6	Invention Patent	PRC	2023-09-07	2023-12-29
53	Our Company	Rapid Discharging Method, Device and Related Equipment for Retired Batteries Based on Conductive Particles	CN202311182939.X	Invention Patent	PRC	2023-09-14	2023-12-29
54	Our Company	Rapid Discharging Control Method and Related Equipment for Retired Batteries Based on Discharging Particles	CN202311028056.3	Invention Patent	PRC	2023-08-16	2023-12-15
55	Our Company	A Discharging Device for Retired Batteries Based on Discharging Particles	CN202311035853.4	Invention Patent	PRC	2023-08-17	2023-12-15
56	Our Company	Optimization Method and Device for Discharging Status of Retired Batteries Based on Conductive Particles	CN202311163486.6	Invention Patent	PRC	2023-09-11	2023-12-08

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No.	Patentee(s)	Patent	Patent Number	Category	Place of Registration	Date of Application	Date of Authorization Announcement
57	Our Company	Battery Discharging Device, Its Cooling Control Method, and Discharging Component	CN202311155413.2	Invention Patent	PRC	2023-09-08	2023-12-08
58	Our Company	A Method for Recycling Waste Lithium Battery Materials	CN202310820401.0	Invention Patent	PRC	2023-07-06	2023-12-05
59	Our Company	A Preparation Method of Discharging Particles with Automatic Safety Protection Function	CN202111367029.X	Invention Patent	PRC	2021-11-18	2023-12-01
60	Our Company	Discharging and Recycling Device for Retired Batteries and Its Control Method	CN202311212337.4	Invention Patent	PRC	2023-09-20	2023-12-01
61	Our Company	A Polar Material Leaching Method and Device for Retired Ternary Lithium Batteries	CN202310995940.8	Invention Patent	PRC	2023-08-09	2023-12-01
62	Our Company	Historical Overcharge Fault Diagnosis Method and Device for Retired Power Batteries	CN202311140207.4	Invention Patent	PRC	2023-09-06	2023-12-01
63	Our Company	Defect Detection Method and Device for Retired Batteries	CN202310988208.8	Invention Patent	PRC	2023-08-08	2023-10-10
64	Our Company	A Crushing Method and Device for Live Retired Batteries	CN202310524370.4	Invention Patent	PRC	2023-05-11	2023-09-01

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No.	Patentee(s)	Patent	Patent Number	Category	Place of Registration	Date of Application	Date of Authorization Announcement
65	Our Company	A Recycling, Classification and Processing Method and Device for Retired Batteries	CN202310288399.7	Invention Patent	PRC	2023-03-23	2023-06-30
66	Our Company	A Negative Electrode Material Recycling Method and Device for Retired Lithium-ion Batteries	CN202310288401.0	Invention Patent	PRC	2023-03-23	2023-06-30
67	Our Company	A Recycling and Processing Method and Device for Retired Lithium-ion Batteries	CN202310288403.X	Invention Patent	PRC	2023-03-23	2023-06-30
68	Our Company	An Echelon Utilization Method and Device for Retired Batteries	CN202211251060.1	Invention Patent	PRC	2022-10-13	2023-04-07
69	Our Company	Rapid Grading Method and System for Retired Batteries	CN202211629412.2	Invention Patent	PRC	2022-12-19	2023-03-10
70	Our Company	A Detection Method and Device Based on Echelon Utilization Batteries	CN202211256522.9	Invention Patent	PRC	2022-10-14	2022-12-30
71	Our Company	A Recycling Processing Method, Equipment and System for Retired Power Batteries	CN202210989773.1	Invention Patent	PRC	2022-08-18	2022-12-06
72	Our Company	Residual Value Estimation Method, Device, Equipment and Medium for Power Batteries	CN202210954269.8	Invention Patent	PRC	2022-08-10	2022-11-11

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No.	Patentee(s)	Patent	Patent Number	Category	Place of Registration	Date of Application	Date of Authorization Announcement
73	Our Company	An Automatic Fire Extinguishing Device and System for Battery Storage	CN202110801240.1	Invention Patent	PRC	2021-07-15	2022-11-04
74	Our Company	An Echelon Battery Dismantling Device	CN202123082573.8	Utility Model	PRC	2021-12-09	2022-08-16
75	Our Company	A Recycling and Regeneration Device for Positive Electrode Materials of Waste Lithium Iron Phosphate Batteries	CN202123087811.4	Utility Model	PRC	2021-12-09	2022-07-01
76	Our Company	An Echelon Utilization and Recycling Device for Waste Batteries	CN202123087173.6	Utility Model	PRC	2021-12-09	2022-06-03
77	Our Company	An Intelligent Dismantling Equipment for Power Battery Echelon Utilization	CN202123092301.6	Utility Model	PRC	2021-12-09	2022-06-03
78	Our Company	A Safe Discharging Method for Waste Lithium-ion Batteries	CN202110040330.3	Invention Patent	PRC	2021-01-13	2022-04-19
79	Our Company	A Smelting Device for Waste Lithium Battery Recycling	CN202022952228.4	Utility Model	PRC	2020-12-08	2021-10-22
80	Our Company	A Transfer Device for New Energy Battery Recycling	CN202022925589.X	Utility Model	PRC	2020-12-07	2021-10-08
81	Our Company	A Transfer Device for Waste Lithium Battery Recycling	CN202022957548.9	Utility Model	PRC	2020-12-09	2021-10-08
82	Our Company	A Collection Device for New Energy Battery Recycling	CN202022926643.2	Utility Model	PRC	2020-12-07	2021-08-31
83	Our Company	A Dismantling Device for Waste Lithium Battery Recycling	CN202022952304.1	Utility Model	PRC	2020-12-08	2021-08-31

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No.	Patentee(s)	Patent	Patent Number	Category	Place of Registration	Date of Application	Date of Authorization Announcement
84	Our Company	A Storage Device for New Energy Battery Recycling	CN202022957536.6	Utility Model	PRC	2020-12-09	2021-08-27
85	Our Company	A Blanking Component for Nickel-Cobalt-Aluminum Separator	CN202021081898.7	Utility Model	PRC	2020-06-12	2021-03-16
86	Our Company	A Product Collection Structure of Cobalt-Nickel-Aluminum Separator	CN201920641643.2	Utility Model	PRC	2019-05-07	2020-05-15
87	Our Company	A Vacuum Storage Tank for Waste Lithium-ion Batteries	CN201920642032.X	Utility Model	PRC	2019-05-07	2020-04-07
88	Our Company	An Improved Nickel-Cobalt-Aluminum Separator	CN201920713707.5	Utility Model	PRC	2019-05-13	2020-01-21
89	Our Company	An Improved Nickel-Cobalt-Aluminum Separator	CN201920619564.1	Utility Model	PRC	2019-04-30	2020-01-14
90	Our Company	A Shock-absorbing Seat for Nickel-Cobalt-Aluminum Separator	CN201920641661.0	Utility Model	PRC	2019-05-07	2020-01-03
91	Our Company	A Drilling Device for Waste Pouch Lithium-ion Batteries	CN201920641638.1	Utility Model	PRC	2019-05-07	2020-01-03
92	Our Company	A Measurable Feed Pipe for Nickel-Cobalt-Aluminum Separator	CN201920642035.3	Utility Model	PRC	2019-05-07	2020-01-03
93	Our Company	A Preparation Equipment for Power-type Lithium Nickel Cobalt Manganese Oxide	CN201920642046.1	Utility Model	PRC	2019-05-07	2020-01-03

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No.	Patentee(s)	Patent	Patent Number	Category	Place of Registration	Date of Application	Date of Authorization Announcement
94	Our Company	A Dismantling Equipment for Automotive Power Battery Modules	CN201920618080.5	Utility Model	PRC	2019-04-30	2019-10-29
95	Jiangmen Jiecheng	A Reaction Device for Sulfur Dioxide and Waste Lithium Battery Positive Electrode Powder Slurry	CN202421091063.8	Utility Model	PRC	2024-05-17	2025-01-21
96	Jiangmen Jiecheng	Battery Crushing Rework Feeding Device	CN202420927049.0	Utility Model	PRC	2024-04-29	2025-01-21
97	Jiangmen Jiecheng	Method for Synergistically Treating Waste Lithium Iron Phosphate Batteries Using Electro-Fenton Technology	CN202410714825.3	Invention Patent	PRC	2024-06-04	2024-08-20
98	Jiangmen Jiecheng	A Production Line Dustproof System	CN202322081621.4	Utility Model	PRC	2023-08-03	2024-03-29
99	Jiangmen Jiecheng	A Controllable Feeding System for Battery Dismantling Line	CN202322056731.5	Utility Model	PRC	2023-08-01	2024-03-29
100	Jiangmen Jiecheng	Battery Material Aging Mechanism and Waste Battery Recycling Device	CN202410040783.X	Invention Patent	PRC	2024-01-11	2024-03-29
101	Jiangmen Jiecheng	Shredder Jam Protection Device	CN202322039340.2	Utility Model	PRC	2023-07-31	2024-03-29
102	Jiangmen Jiecheng	Battery Material Decomposition Device and Waste Battery Recycling Treatment System	CN202410040786.3	Invention Patent	PRC	2024-01-11	2024-03-29
103	Jiangmen Jiecheng	A Steel Belt Tensioning Device	CN202322082116.1	Utility Model	PRC	2023-08-03	2024-02-02

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No.	Patentee(s)	Patent	Patent Number	Category	Place of Registration	Date of Application	Date of Authorization Announcement
104	Jiangmen Jiecheng	A Collection Device and Cyclone Equipment	CN202322082809.0	Utility Model	PRC	2023-08-03	2024-02-02
105	Jiangmen Jiecheng	Mixer Incoming Material Turnover Platform	CN202322039254.1	Utility Model	PRC	2023-07-31	2024-01-23
106	Jiangmen Jiecheng	An Automatic Oil Replenishing Device for Induced Draft Fan Shaft Seal	CN202322082911.0	Utility Model	PRC	2023-08-03	2024-01-23
107	Jiangmen Jiecheng	A Harmless Treatment Method and Device for Retired Lithium Battery Electrolyte	CN202310080409.8	Invention Patent	PRC	2023-02-03	2024-01-19
108	Jiangmen Jiecheng	Mixer Steel Platform Device	CN202322038179.7	Utility Model	PRC	2023-07-31	2024-01-19
109	Jiangmen Jiecheng	Overall Integrity Assessment Method, Device, Equipment and Medium for Power Batteries	CN202211379867.3	Invention Patent	PRC	2022-11-04	2023-08-11
110	Jiangsu Jiecheng	Lithium Iron Phosphate Positive Electrode Plate Material Repair Method	CN202410415117.X	Invention Patent	PRC	2024-04-08	2024-06-11
111	Jiangsu Jiecheng	Echelon Utilization Method and Device for Retired Batteries Based on Optimized Battery Energy Storage Management	CN202410206918.5	Invention Patent	PRC	2024-02-26	2024-05-31
112	Jiangsu Jiecheng	A Battery Recycling Method and Device Based on Dissociation Process Parameter Optimization	CN202410206992.7	Invention Patent	PRC	2024-02-26	2024-05-10

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No.	Patentee(s)	Patent	Patent Number	Category	Place of Registration	Date of Application	Date of Authorization Announcement
113	Jiangsu Jiecheng	An Intelligent Repair Assessment Method for Waste Battery Materials	CN202410109156.7	Invention Patent	PRC	2024-01-26	2024-04-26
114	Jiangsu Jiecheng	A Solid-phase Repair Method for Positive Electrode Materials of Waste Lithium Batteries	CN202410073064.8	Invention Patent	PRC	2024-01-18	2024-04-19
115	Jiangsu Jiecheng	A Deep Impurity Removal and Repair Regeneration Method for Negative Electrode Materials of Waste Batteries	CN202410073043.6	Invention Patent	PRC	2024-01-18	2024-04-12
116	Jiangsu Jiecheng	Steel Belt Deviation Correction Device	CN202322049594.2	Utility Model	PRC	2023-07-31	2024-01-23
117	Jiangsu Jiecheng	Incoming Material Turnover Table	CN202322029544.8	Utility Model	PRC	2023-07-31	2024-01-19
118	Jiangsu Jiecheng	A Recycling Method and Device for Retired Lithium-ion Batteries	CN202310982049.0	Invention Patent	PRC	2023-08-07	2023-12-01
119	Jiecheng Recycling	A Uniform Feeding Device Suitable for Cylindrical Lithium Batteries and Discharging Particles	CN202122826654.8	Utility Model	PRC	2021-11-18	2022-05-03

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Copyrights

As of the Latest Practicable Date, we have registered the following copyrights which we consider to be material to our Group’s business:

No.	Owner	Name of Copyright	Registration No.	Category	Creation Completion Date
1	Our Company	Jiecheng Eagle (杰成鷹)	Guo Zuo Deng Zi-2023-F-00259066	Fine art works	2023-08-28
2	Our Company	Jiecheng New Energy Lithium Battery Industry Chain Layout Diagram (杰成新能源鋰電池產業鏈布局圖)	Guo Zuo Deng Zi-2023-K-00112562	Graphic works	2020-11-01
3	Our Company	Jiecheng New Energy Corporate Culture (杰成新能源企業文化)	Guo Zuo Deng Zi-2023-A-00112563	Textual works	2012-05-01
4	Our Company	JCNE	Guo Zuo Deng Zi-2023-F-00057099	Fine art works	2022-12-01
5	Our Company	Jiecheng (杰成)	Guo Zuo Deng Zi-2022-F-10168023	Fine art works	2015-06-01

Domain Names

As of the Latest Practicable Date, we have registered the following domain names which we consider to be material to our Group’s business:

No.	Owner	Domain Name	Registration No.	Expiry Date
1	Our Company	jcnpower.com	Yue ICP Bei 2023138731 Hao-3	2029-02-21
2	Our Company	jcnico.com	Yue ICP Bei 2023138731 Hao-2	2027-05-29
3	Our Company	jcnico.cn	Yue ICP Bei 2023138731 Hao-1	2027-11-10

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FURTHER INFORMATION ABOUT OUR DIRECTORS, AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

Save as disclosed below, immediately following completion of the Subdivision and the [REDACTED] (without taking into account the H Shares which may be allotted and issued pursuant to the exercise of the [REDACTED]), so far as our Directors are aware, none of our Directors, and chief executive has any interest or short positions in our Shares, underlying Shares or debentures of our Company or any associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.

Name	Position	Nature of Interest	Number and class of Shares held	Approximate percentage of shareholding in the issued capital of our Company as of the date of this document	Approximate percentage of shareholding in the relevant class of Shares after the [REDACTED] and the [REDACTED]	Approximate percentage of shareholding in the total share capital of our Group after the [REDACTED] and the [REDACTED]
Mr. Zheng	Chairman of our Board, executive Director, and general manager	Beneficial interest	[REDACTED]	9.81%	[REDACTED]	[REDACTED]
		Interested in a controlled corporation	[REDACTED]	75.37%	[REDACTED]	[REDACTED]

Notes:

1. All the above interests stated are long positions, and are interests of our Company. The number of Shares as of the Latest Practicable Date is the number assuming the [REDACTED] is completed. Please see “History, Development and Corporate Structure” for details of the [REDACTED].
2. For the avoidance of doubt, both [REDACTED] Shares and H Shares are ordinary Shares in the share capital of our Company, and are considered as one class of Shares.
3. See “Substantial Shareholders” in this document for details.

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2. Substantial Shareholders

For the information on the persons who will, immediately following the completion of the [REDACTED], have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to our Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, please see “Substantial Shareholders” in this Document.

Save as set out above, our Directors are not aware of any other person (other than our Directors or chief executive) will, immediately following completion of the [REDACTED], directly or indirectly, be 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.

3. Service Contracts

Pursuant to Rules 19A.54 and 19A.55 of the Listing Rules, we have entered into a contract with each of our Directors in respect of, among other things, (i) compliance of relevant laws of regulations, (ii) observance of the Articles of Association, and (iii) provisions on arbitration.

Each of our Directors [has entered] into a service contract with our Company. The principal particulars of these service contracts comprise (a) a term of three years commencing from the date of appointment; and (b) termination provisions in accordance with their respective terms. Our Directors may be re-appointed subject to Shareholders’ approval.

Save as disclosed in this document, none of the Directors has or is proposed to have a service contract with any member of our Group (excluding contracts expiring or determinable by any member of our Group within one year without payment of compensation other than statutory compensation).

4. Remuneration of Directors

Save as disclosed in “Directors and Senior Management” and “Appendix I — Accountants’ Report — Notes 8 and 9” for the three financial years ended 31 December 2023, 2024 and 2025, none of our Directors received other remunerations or benefits in kind from us.

5. Disclaimers

Save as disclosed in this document:

- (a) save as disclosed in this document, none of our Directors or any of the parties listed in “Qualifications of Experts” of this Appendix is:
 - (i) interested in our promotion, or in any assets which have been, within two years immediately preceding the date of this document, acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to any member of our Company; or
 - (ii) materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to our business;

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- (b) save in connection with the [REDACTED] and the [REDACTED], none of the parties listed in “Qualification of Experts” of this Appendix:
- (i) is interested legally or beneficially in any shares in any member of our Group; or
 - (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of our Group;
- (c) none of our Directors is a director or employee of a company that has an interest in the share capital of our Company which, once the H Shares are listed on the Hong Kong Stock Exchange, would have to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO; and
- (d) so far as is known to our Directors, none of our Directors or their respective close associates (as defined under the Listing Rules) or Shareholders who owns more than 5% of the issued shares of our Company has any interests in the five largest customers or the five largest suppliers of our Group.

EMPLOYEE INCENTIVE SCHEME

In recognition of the contributions of our employees and senior management and to incentivize them to further promote our development, Shenzhen Jiecheng Zhiyuan was established in the PRC as our employee shareholding platform (the “**Employee Shareholding Platform**”). We have adopted an employee stock ownership plan (the “**ESOP**”) applicable to this Platform from April 2026. Under the ESOP, Eligible Participants are granted with partnership interest in our Employee Shareholding Platform (the “**Awards**”). Save for the disclosure requirements, the ESOP is not subject to the provisions of Chapter 17 of the Listing Rules as it does not involve the grant of options or share awards by our Company to subscribe for the Shares after the [REDACTED], and there will not be any new Shares issued under the ESOP after [REDACTED]. Given the underlying Shares under the ESOP had already been issued, there will not be any dilution effect to the issued Shares upon the vesting of the Awards under the ESOP.

As of the Latest Practicable Date, details of the ESOP are set out below:

Name of the Employee shareholding platform	Adoption Date of the ESOP	Approximate shareholding of the total share capital of our Company as of the Latest Practicable Date
Shenzhen Jiecheng Zhiyuan	April 30, 2026	5.2356%

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The following is a summary of the principal terms of the ESOP:

1. Purpose

The purpose of the ESOP is to (a) motivate and incentivize important personnel of our Group, including members of the management, technical backbone employees and business backbone employees, with a view to enhancing the core competitiveness of our Company; (b) recognize and reward personnel who have made significant contributions to our Group; and (c) attract outstanding talents in the market, thereby promoting the long-term development of our Company.

2. Eligible Participants

Persons eligible to participate in the ESOP are the Directors, senior management and employees^{Notes} of our Group (the “**Eligible Participants**”).

Notes:

Such employees include Zhang Qiuhui, our executive Director, who subscribed the interest of Shenzhen Jiecheng Enterprise Management pursuant to the relevant partnership agreement in February 2023.

3. Subscription Price

The subscription price and number of incentive Shares to be granted to each Eligible Participant will be determined by the ESOP administrator based on factors such as the Eligible Participant’s position and contribution to our Company.

4. ESOP Administration

The ESOP is administered by our chairman and executive Director, Mr. Zheng, who has the authority to interpret, implement and manage the ESOP and make final and binding decisions on related matters in accordance with applicable laws and regulations and the terms of the ESOP.

5. Amendment and Termination

The ESOP was approved by the Shareholders’ meeting and will be valid for 10 years from its effective date, unless otherwise extended or terminated early by the Shareholders’ meeting. Any amendment of the ESOP is subject to the approval of the Shareholders’ meeting.

6. Rights and Restrictions Attached to the Awards

The Awards granted to the grantees are subject to the lock-up and transfer restrictions under the applicable laws and regulations, the requirements of the relevant securities regulatory authorities and stock exchange, the ESOP, the relevant award agreements and the partnership agreement of the platform. During the relevant lock-up period, the grantees shall not dispose of their Awards in any form, and the platform shall not dispose of the corresponding Shares held by it.

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After the expiration of the relevant lock-up period, subject to the applicable laws and regulations, the rules of the stock exchange on which the Shares are [REDACTED], the ESOP, the relevant award agreements and the partnership agreement of the platform, a grantee may apply to dispose of his/her unlocked Awards through the platform during the disposal window periods determined by the ESOP administrator.

7. Details of the Grantees

As of the Latest Practicable Date, a total of 2,335,595 incentive Shares had been granted to 43 Eligible Participants under the ESOP. No new Shares will be issued under the ESOP after [REDACTED]. Details of the Awards granted to Directors and senior management of our Company under the ESOP are set out below:

Name	Position	Approximate partnership interests	Approximate number of Underlying Shares corresponding to the Awards
Zheng Weipeng	Executive Director	46.57%	1,087,591
Fu Tingting	Non-executive Director	1.75%	40,853
Yang Haoyu	Executive Director	1.54%	35,932
Dong Chen	Executive Director	0.86%	20,000
Other 39 employees	Employees	49.28%	1,151,219
Total		100%	2,335,595

OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries under the laws of the PRC.

2. Litigation

As of the Latest Practicable Date, we were not engaged in any litigation, arbitration or claim of material importance, and, so far as we are aware, no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against any member of our Group, that would have a material adverse effect on our Group’s results of operations or financial condition, taken as a whole.

3. Sole Sponsor

The Sole Sponsor has made an application on behalf of our Company to the Hong Kong Stock Exchange for the [REDACTED] of, and permission to deal in, our H Shares. All necessary arrangements have been made to enable the securities to be admitted into [REDACTED].

Sole Sponsor satisfies the independence criteria applicable to sponsor set out in Rule 3A.07 of the Listing Rules. The Sole Sponsor will receive a fee of [REDACTED] to act as a sponsor to our Company in connection with the [REDACTED].

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4. Preliminary Expenses

As of the Latest Practicable Date, our Company has not incurred any preliminary expenses.

5. Qualification of Experts

The qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given their opinion and/or advice in this document are as follows:

Name	Qualification
CMBC International Capital Limited	Licensed to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) of regulated activities as defined under the SFO
Ernst & Young	Certified Public Accountants and Registered Public Interest Entity Auditor
Commerce & Finance Law Offices	Company’s PRC legal advisor
China Insights Consultancy	Independent industry consultant
Colliers Appraisal and Advisory Services (Shanghai) Co., Ltd.	Property valuer

6. Consents of Experts

Each of the experts as referred to “Qualifications of Experts” in this Appendix of the Company has given, and has not withdrawn their respective written consents to the issue of this document with the inclusion of their inclusion of certificates, letters, opinions or reports and the references to their names included herein in the form and context in which they are respectively included.

7. Taxation of Holders of H Shares

(1) Hong Kong

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty. 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. For further details in relation to taxation, please see “Appendix III — Taxation and Foreign Exchange” to this document.

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(2) Consultation with professional advisors

Potential investors in the [REDACTED] are urged to consult their professional tax advisors if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or [REDACTED] in our H Shares (or exercising rights attached to them). None of our Company, our Directors, the Sole Sponsor, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], or any other person or party involved in the [REDACTED] accept responsibility for any tax effects on, or liabilities of, any person, resulting from the subscription, purchase, holding or disposal of, [REDACTED] in or the exercise of any rights in relation to our H Shares.

8. No Material Adverse Change

Our Directors confirm that, as of the date of this document, there has been no material adverse change in the financial or [REDACTED] position of our Company since 31 December, 2025 (being the date to which the latest audited consolidated financial statements of our Company were prepared).

9. Promoters

Save as disclosed in the section headed “History, Development and Corporate Structure” of this document, within the two years preceding the date of this document, no cash, securities or other benefit has been paid, allotted or given or is proposed to be paid, allotted or given to any promoter in connection with the [REDACTED] and the related transactions described in this document.

10. Restrictions on Repurchase

For details, please see “Appendix V — Summary of Articles of Association of the Company” to this document.

11. Binding Effect

This document shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

12. 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).

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13. Miscellaneous

Save as disclosed in this document:

- (a) within the two years preceding the date of this document, (i) our Company has not issued nor agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash; and (ii) no commission, discount, brokerage or other special term has been granted in connection with the [REDACTED] or [REDACTED] of any shares of our Company;
- (b) no share or loan capital of our Company, if any, is under option or is agreed conditionally or unconditionally to be put under option;
- (c) our Company has not issued nor agreed to issue founder, management or deferred shares;
- (d) our Company has no outstanding convertible debt securities or debentures;
- (e) there is no arrangement under which future dividends are waived or agreed to be waived;
- (f) there has been no interruption in our business which may have or have had a significant effect on the financial position in the last 12 months;
- (g) our Company is not presently [REDACTED] on any stock exchange or [REDACTED] on any trading system; and
- (h) our Company is a joint stock limited company and is subject to the PRC Company Law.

APPENDIX VIII DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG AND AVAILABLE ON DISPLAY

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this document and delivered to the Registrar of Companies in Hong Kong for registration were

- (i) material contracts referred to “Appendix VII — Statutory and General Information — Further Information about the Business of the Company — 1. Summary of Material Contracts” in this document; and
- (ii) the written consents referred to “Appendix VII — Statutory and General Information — Other information — 6. Consents of Experts” in this document.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of the Stock Exchange at **www.hkexnews.hk** and our website at **www.jcnico.com** during a period of 14 days from the date of this document:

- (a) the Articles of Association;
- (b) the accountants’ report prepared by Ernst & Young, the text of which is set out in Appendix I to this document;
- (c) the audited consolidated financial statements of our Group for the three years ended December 31, 2025;
- (d) the report received from Ernst & Young on the unaudited [REDACTED] financial information of our Group, the text of which is set out in Appendix II to this document;
- (e) the industry report prepared by China Insights Consultancy referred to in “Industry Overview” in this document;
- (f) the property valuation report prepared by Colliers Appraisal and Advisory Services (Shanghai) Co., Ltd. the text of which is set out in Appendix VI in this document;
- (g) the PRC legal opinions issued by Commerce & Finance Law Offices, our legal advisors on PRC law, in respect of, among other things, the general matters and property interests of our Group under the PRC laws;
- (h) the material contracts referred to “Appendix VII — Statutory and General Information — Further Information about the Business of the Company — 1. Summary of Material Contracts” in this document;
- (i) the service contracts referred to in “Appendix VII — Statutory and General Information — Further Information about Our Directors and Substantial Shareholders — 3. Service Contracts” in this document;

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- (j) the written consents referred to in “Appendix VII — Statutory and General Information — Other Information — 6. Consents of Experts” in this document; and
- (k) the PRC Company Law, the Securities Law of the PRC and the Trial Administrative Measures for Overseas Securities Offering and Listing by Domestic Companies together with unofficial English translations thereof.